

Same, Same, but Different?

A Multilevel Analysis of Earning Trajectories among First Generation Immigrants, 1979-1996.

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ABSTRACT

This study contributes to the field of immigrant integration with an analysis of earning trajectories of six immigrant groups of Asian origins—Pakistani, Turkish, Sri Lankan, Indian, Vietnamese, and Philippine—which hold white-collar positions within the private industry. The study is based on panel data from 1979 to 1996, and contains Norway’s first large influx of labor immigrants from the *global south*.

Employee’s labor market outcome is mainly decided by two factors—performance and evaluation. I use theories of labor market integration to address both these aspects. Variation in labor market outcomes within the immigrant population can be a result of difference in origin or reception. In addition, I consider community effects to the discussion. I sort my theoretical framework according to the three effects. First, I discuss aspects of origin with theory of human capital, country specific capital, and immigrant status. I test how group experience different return of education—both host country schooling and education from country of origin. The analyses also points to the importance of status—to arrive as political or economic immigrant. Secondly, reception effects are considered by employing theories of discrimination. I look at the effect of residency on immigrants’ income, and discuss this in relation to statistical discrimination and signaling. Contact theory and theory of competition are investigated in analyses of group size and its affect on inter-group attitudes. Finally, I discuss theories of social capital and group size, and how resources available in ones community can affect labor market outcomes.

The study has both an empirical and a theoretical purpose. Empirically, the study has two main contributions. First, I challenge a common assumption of homogeneity within the immigrant population. I discard the use of the non-western category in my analyses, and instead employ categories of national origin. I show great variation within the group of immigrants commonly considered non-western. Secondly, I find, despite the diversity, a continuation of the gap between native and the selected immigrant groups. With very few exceptions do immigrants’ earnings exceed natives’.

Theoretically, the study contributes with a critical discussion of categorization. Backed by my findings, I illustrate how important it is to acknowledge the arbitrariness and inconsistency of categories like *immigrant*. At the same time, however, categorization is necessary in the implementation of integration policies. An important implication of this is that categories should not be used to make generalizations and build negative stereotypes regarding certain groups.

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CHAPTER ONE: INTRODUCTION

1.1 THE BACKDROP OF THIS STUDY

The main motivation for conducting this study relates to the consequences of increased immigration and challenges of integration. As a result of globalization, the allocation of resources, information, technology, and people across national borders has and will continue to escalate. Norway has undergone great demographic changes in the last few decades, and its population gets increasingly more heterogeneous. This transformation is accompanied by developments in the articulation of integration policies. Along with the continuous and increasing influx of migrants into Norway, a need for more conscious integration policies emerges. The Norwegian government wants new settlers to participate in, contribute to, and receive from society on equal rates with natives, and the labor market is considered one of the most important arenas for the implementation of these policies. Thus, it is in the interest of the government, as well as the individual, to have all citizens actively participate in the labor market. Work does also have social and economic implications for the individual, in addition to society at large. Besides assuring a certain social-economic level, work serves a function as a second arena of socialization, making it particularly essential for immigrants to partake in. By participating in the labor market immigrants can potentially accumulate knowledge about society and build social networks. Hence, the labor market can work as a springboard to wider social incorporation. At the same time, labor market participation can contribute to inter-group interaction and limit false stereotypes and xenophobia.

High labor market activity is also important for the preservation of society and nation at large. For any state, having an active and productive population is important. For an extensive welfare state like Norway—it is essential. A balance between producers and consumers of welfare, where consumers do not exceed producers, is important for the viability of the welfare state (Brochmann 2002:34). Thus, another motivation for integrating immigrants in the labor market is to assure a sustainable system of welfare.

Increased productivity is also politically motivated. It is important to exploit all available assets to assure the continuation and organization of a democratic nation-state

(Brochmann, Borchgrevink & Rogstad 2002). However, as both economic and political immigrants arrive, challenges to reach the goal of full labor market participation grow. Not all are equally prepared to partake and contribute, yet the importance of labor market participation remains.

As Norway continues into the 21st century with increasing rates of immigration the presence of immigrants in the labor market increases as well. There are four times as many immigrant of non-western origin employed today than in the 1990's (Rogstad & Orupabo 2007), and the labor market is thus not closed for immigrants as a whole. Knowledge about consequences of previous politics can facilitate future policy-making—how was labor market outcomes for earlier immigrants? And more importantly—how can this knowledge improve future policies on immigrant integration?

1.2 THIS STUDY

A study of immigrants' labor market participation can help answer these questions. I will address these aspects of immigrant integration through a study of immigrants employed in private sector from 1979–1996. I contest the notion of similarity within the immigrant population. This thesis will challenge a common assumption that the greatest difference is found *between* majority and minority. Instead, I propose an idea about variation *within* the immigrant population. The study has a double purpose—first, it illustrates the gap between immigrants and natives. Second, and more importantly, it demonstrates variation between immigrants of different origin. This is not to underestimate the positions of immigrants relative to natives, but rather to contribute with knowledge about the particularities of the different groups. This knowledge can contribute to the articulation of integration policies and the implementation of political efforts, and in return, reduce the gap between immigrants and natives. I also dispute the commonly used coarse differentiation between *western* and *non-western* immigrants by pointing to the variation within the group commonly categorized as *non-western*. Furthermore, by looking at the economic position of six immigrant groups of Asian origin I challenge the assumption of regional similarity. As my findings will show, there is great variation between immigrants of different origin. Moreover, I find varying labor market outcomes between groups that are commonly

conceived to be similar. Immigrants of Pakistani and Turkish origin have similar history and characteristics in the population, yet their outcomes in this study are very different from each other.

This finding, among others, argues for breaking down commonly used categories. This perspective makes a theoretical contribution to the discussion of essentialism and challenging the conventional categorization of immigrants. How crude categories make sense? How little similarity is necessary for a category to be useful? And how much difference is acceptable within a category?

Empirically I contribute to established knowledge on the field of immigrant integration. I examine the economic position for immigrants hired in private sector, and compare their labor market outcomes. A focus on immigrants that have succeeded in entering the labor market allows for insights in how to gain access. What characterizes these individuals? Information about them might facilitate articulation of policies with attempt to have more immigrants participating in the labor market. Moreover, it might help understand the observed difference in outcomes. Also, with this knowledge we are better prepared for the immigrants to come, and it can help improve upon existing immigrant policies.

The rate of economic assimilation, understood as how immigrants close the earning gap to natives (Barth, Bratsberg & Raaum 2002:2; Bratsberg 2000:1; Longva & Raaum 2002:2; Friedberg 2000:223; Chiswick 1978), is an important aspect of a successful integration process. In Norway, assimilation is associated with a condescending perspective of minority groups, where immigrants and their culture are considered inferior. Political incorrectness notwithstanding, economic assimilation is frequently used in studies of immigrants in the labor market (Brekke & Borchgrevink 2007; Bratsberg 2000; Friedberg 2000; Barth et al. 2002; Jonsson 2007), and in the economic sphere, assimilation is considered the desired end. Furthermore, economic assimilation has great implications for the social and cultural standard of living, and thus is an important aspect of the integration process. Although I discuss the importance of all

spheres, my concentration in this study is on the economic sphere, hence the relevance of the concept of assimilation.

1.3 NATIONALITY, ETHNICITY, AND IMMIGRANTS

In this study I use national origin to categorize within the immigrant population. The relationship between nationality and ethnicity is complicated and the categories do not always coincide. Ethnicity is often used as a tool of categorization within the immigrant population; however, the category does not necessarily overlap with nationality, but rather transcend national borders. The definitions of ethnicity are myriad, which point to the arbitrariness of the term. Ethnicity can be defined in relation to biology, culture, history, or states (Roedinger 2005; Rodriguez 2000; Nagel 1994). It might also be defined according to the boundaries between groups instead of “the cultural stuff that it encloses” (Barth 1969:15). Nationality and ethnicity in Western Europe traditionally exists within the frames of the nation-state. Countries of Eastern Europe on the other hand, have a history of nationality and ethnicity across national borders (Brubaker 2004). In the case of many Middle Eastern countries we see a similar historical development to the states in Eastern Europe: “...many Middle Eastern nationalisms tended to *precede* the state, and rather than foster state-building, ardently opposed it” (Weeden 1999:16).

Through immigration, Norway will increasingly consist of multiple ethnic groups, and being ethnically different will not necessarily entail being immigrant in praxis, but still imply so in theory. However, the correlation between ethnicity and nationality will be further challenged through the construction of a Norwegian identity. According to Marianne Gullestad (2001; 2002), immigrants (or ethnically dissimilar) will have a tougher time partake in the Norwegian *ethnic nationality*, as natives increasingly stress ancestry when defining the Norwegian identity. However, the use of national ancestry as a tool of categorization is less confusing in this study as I look at first generation immigrants. Nevertheless, categories should not be employed without reflecting upon their political and social implications.

1.4 IMMIGRATION HISTORY

During the 1960's the western economy flourished, as did the Norwegian economy with an annual mean increase close to 5 % (Brochmann 2003; Tjelmeland 2003:67). Norway, along with many other Western European countries, opened up its borders for labor from the global south. Many economic immigrants arrived from India, Pakistan, Turkey, and Morocco to seek work in Norway during in the 1960's and 1970's. They were mostly hired as unqualified labor in the hotel and restaurant industry along with other types of blue-collar positions (Tjelmeland 2003:105). However, after several years of economic expansion many Western European countries introduced an immigration recession in the 1960's and 1970's. This created a great pressure on the Norwegian borders as the stream of migrants didn't halt, but the number of open borders did. The decision to follow the trend of other European nations was seen as a way to improve upon the status of foreign workers already in Norway and to develop the system of foreign labor. When the temporary immigration stop introduced February 1st 1975 was made permanent in 1981, it was no longer seen as a moratorium, but rather as a regulation of immigration (Brochmann 2003). After the cessation many foreign workers that had traveled back and forth between Norway and country of origin was now afraid of being refused re-entry to Norway. One option was to settle down in Norway and then apply for family reunification with family in origin country (Brochmann 2003:143). This led to a change in Norway's immigration pattern. Families replaced the single, male worker, and immigration affected society in a broader sense than before. Integration policies were introduced to several areas of society to incorporate immigrant families. However, integrating immigrants in the labor market remained a priority. What was the result of these policies? To what degree have immigrants been incorporated in the Norwegian labor market and society at large? I present previous findings to illustrate below.

1.5 WHERE ARE WE NOW? PREVIOUS FINDINGS AND RESEARCH

Above I gave an introduction to Norway's recent immigrant history. In this paragraph I paint a picture of the current research conducted on immigrants in Norway. Where does my study fit in? How does it contribute to conventional wisdom dominating the field? Despite the importance of immigrant integration, we see a somewhat failed policy.

There are mainly two different empirical perspectives on the incorporation of immigrants in the labor market. The first focus on to what degree immigrants participate in the labor market and their relative unemployment rate compared to natives. The second perspective look at how immigrants are doing once they are inside the gates of employment, both in regard to income and positions. My research question targets the latter perspective. Below, I give examples of previous research on both areas.

1.5.1 Labor Market Participation

Immigrants do not participate actively in the labor market on par with native Norwegians. Numbers from Statistics Norway show that first generation immigrants' employment rate is about 60 percent, 10 percentage points below natives, however with great variation depending on region and country (SSB 2005). Støren (2004; 2005) shows how non-western immigrants have a harder time finding work, compared to natives and western immigrants, despite a high level of education. Similarly, Brekke (2006) finds that non-western immigrants have longer periods of unemployment after graduation from Norwegian institutions compared to natives, and within the immigrant population it applies especially to immigrants of African origin. Additionally, non-western immigrants seem to be more stigmatized by periods of unemployment (Rosholm 2005). In extension, immigrants might accept positions with lower income because the alternative of being unemployed is stigmatizing. Access to the labor market is thus more important than income level (Rosholm 2005:295).

However, even though immigrants participate in the labor market at a lower rate than Norwegians, their employment rate increases. Over 60% of the immigrant population was employed at the end of 2006. The percentage is even higher for men—they had an employment rate at 65.7%, an increase of 3.6 percentage points compared to the year before. However, these numbers are reflections of the increased influx of labor immigrants from Eastern Europe the recent years (SSB 2007). The employment rate for the groups that are subject of this study is lower. However, among these groups we also find groups with employment rate on level with natives and higher (SSB 2002). Hence, the labor market is not closed for immigrants, and the number of those that gain

access keep spiraling upwards. At the same time as we want individuals to gain positions that compliment their education, it is no universal requirement to reach the top of the hierarchy. Even though the use of ethnic networks might put immigrants in segregated pockets of the labor market, Rogstad (2001:106) shows how immigrants, in this case Moroccan, take advantage of their community and network to access the labor market.

1.5.2 After Access: Income Level and Positions

Aas (2005) found that even though immigrants have access to the labor market, it's restricted to certain segments. However, he finds great variation depending upon national origin. Several studies have documented differences in level of income between immigrants and natives. Immigrants overall are found at a level far below that of natives, but there are great between group diversity within the immigrant population (Henriksen 2007:34). Looking at individuals with equal level of Norwegian education, Brekke (2006) does not find any difference in income. Thus, higher educated immigrants are employed with income on par with native Norwegians. Also, immigrants usually reduce the wage gap they have to natives over time (Longva and Raaum 2000; Barth et al. 2002, 2004; Wiborg 2004). Is this the case for all immigrants?

1.5.3 The Supply: Human Capital

Even net of educational attainment, non-western immigrants do not experience a level of income on par with natives (Barth et al. 2002a; Bratsberg et al. 2004; Wiborg 2004, Hansen 2000), and have a higher unemployment rate (Støren 2004, 2005; Brekke 2005). Hansen's (2000) findings reflect a stronger financial penalty for immigrants of African descent. In Sweden, Duvander (2001) finds language proficiency, Swedish education, and intermarriage to have a positive effect on employment rate; but she claims it does not explain the whole discrepancy between immigrants and natives. Hence, we need to look further to explain immigrants' disadvantage position in the labor market.

1.5.4 The Demand: Prejudice and Discrimination

The occurrence and frequency of discrimination is hard to measure. Rogstad (2006) employs a multifaceted method in an attempt to capture the rate of recurrence of discriminatory praxis. He reports that 2 out of 10 immigrants perceive to have been discriminated against. In line with theories of exposing, he finds that employed immigrants perceive to experience more discrimination than unemployed. Perception of discrimination depends to a large extent upon interaction and encounters with difference, which then accentuates the feeling of not belonging. Consequently encounters between natives and immigrants in the labor market might trigger immigrants' feeling of being treated as *an other*. Feagin (1991) finds similar patterns in the US and report high perceptions of discrimination among the middle class blacks in his study. In addition to experiencing more encounters and being more exposed to discriminatory behavior, it is important to consider their ideas and knowledge about discrimination. It is possible that they report to be more discriminated against because they are more likely to recognize something as discrimination. This might also be a drawback of Feagin's (1991) finding, and others like it, because the results may to a large extent be explained by characteristics of the middle class blacks. Studies of perception give an insight to how individuals see their situation and surroundings. But this advantage is also a drawback because studies of this type might simply be reflections of certain individuals' views and perceptions of the world, and cannot be used to document actual occurrence of discrimination.

In his report, however, Rogstad (2006) combines data on immigrants' perception of discrimination with other measurements and data that might indicate discriminatory praxis. He draws on Støren's (2004) study, which concludes that immigrants are more likely to be unemployed, even net of educational attainment, and more likely to be in a job they are over-qualified for. Audit studies have not been carried out in Norway, but studies from other countries assert occurrence of discrimination targeted minority job applicants. Bertrand and Mullainathan (2004) find great difference in response to résumés with white American names and African-American names, respectively, in their audit study conducted in the US. Their study is not directly applicable to the Norwegian context due to societal and political differences, but other studies conducted

in countries more similar to Norway in terms of policies, organization, and composition have similar results (Carlsson and Rooth 2007). However, it is disputed to what degree audit studies are reflections of real discrimination because we do not know the reason for applicants to be accepted or rejected. Despite the weaknesses, studies of this kind give us an impression of how different people experience the process of applying for employment. However, it is important to note that what might, at an aggregate level, come across as prejudice, can be result of a different process. Torgersen (1999) emphasizes how the accumulation of many incidents of rational, non-discriminatory decision making might come across as discrimination, even though it's not. Each employer's decision to hire a native might be the decision after rationally contemplating all applicants. On an aggregate level, however, it comes across as discrimination targeted non-natives.

Another aspect of demand relates to changes in the business cycle and job market. Studies show that immigrants are more affected by changes in the business cycle than natives (Bratsberg, Raaum & Røed 2006). A big wave of labor immigrants entered Norway during the early 1970's when the demand for labor was strong, but when the demand dropped, so did the their employment rate. And in combination with other factors it contributed to an increased strain on the social welfare budget. Additionally, immigrants that hold positions in the peripheral sphere of the labor market, are consequently more dispensable during cutbacks.

Barth, Bratsberg & Røed (2002b, 2004) compare the trajectory of immigrants in Norway to immigrants in the US. They find that immigrants in the US have a steeper profile and catch up with natives at a faster rate than immigrants in Norway (Barth et al. 2004:637). Moreover, they study immigrants of similar national background in Norway and the US, respectively. Why are Pakistanis in the US experiencing a more positive income trajectory than Pakistanis in Norway? The results are somewhat contradictory to the Norwegian idea about equality and vision about a compressed wage structure. The results also point to processes of selection from country of origin to host country. In a recent published study, Bratsberg, Raaum, and Røed (2006, 2007) found that among immigrants arriving as workers between 1971 and 1975, the employment

rate had dropped to around 50% in 2000 and as many as 44% was on disability benefits (similar percentage among natives is 16). This finding, even without interpreting and explaining it, reflects part of the challenge Norway faces in incorporating immigrants in the labor market, and to assure that immigrants and natives participate in, receive from, and give to society, on equal rates. This is crucial for the sustainability of a democratic Norway (Brochmann et al. 2002).

1.6 MY CONTRIBUTION

My study will contribute to the existing knowledge in two regards. First, where other studies have shown the low rate of employment among immigrants, my focus is on the immigrants that actually have gained access to the labor market. Secondly, when other studies point to the unfortunate status of immigrants in the labor market, I continue with a study of variation within the immigrant population. This way I contribute to a broader understanding of the status of immigrants, and how they differ from each other. In return, this knowledge can contribute to an improved apparatus of integration.

The study has two purposes—one theoretical and one empirical. The theoretical purpose relates to aspects of categorization. As part of a discussion of essentialism versus categorization, I discuss the ambiguous approach to immigration. The empirical aspect contributes to the field of immigrant integration with new historical data. The empirical purpose is not to assert generalizations about the immigrant population or certain nationalities. Rather, I use the findings to shed lights on processes of selection and differentiation within the immigrant population, as well as within certain groups.

1.7 THE COURSE OF THE THESIS

The course of the paper is as follows: this chapter presents the backdrop of the study and contextualizes it in relation to previous research. I argue for how this is an interesting contribution to the established knowledge on the field of immigrant integration. Chapter two gives an extensive overlook of the theoretical framework for the thesis. The theories are divided according to the three perspectives on integration—origin, destination, and community. Chapter three presents the data and clarifies and justifies the applied methodology. This chapter will also present

descriptive analyses. The following chapters—four, five, and six—present the findings. The presentation takes on a descriptive approach, while a discussion follows in chapter seven. In chapter four I examine differences in career trajectories between immigrants and natives and within the immigrant population. Chapter four is mostly a descriptive analysis of earnings among immigrants and between immigrants and natives. I present tables and graphs to show how positions within the income hierarchy changes over time—with residency and with age. Chapter five continues the discussion of career trajectories, but concentrates on the importance of education on income level. Human capital is important in decisions about income, and a discussion of portability of human capital is crucial in a study of immigrant integration. I look at the importance of higher education in general, and origin- versus host-country education, more specifically. How does this effect vary between groups? Chapter six examines how group size matters for earnings. It has two approaches. First, I examine the effect of working in a firm with a native- versus immigrant-majority. Secondly, I look at income development throughout time with the assumption that there is an increasingly bigger presence of immigrants with time. How do earnings fluctuate over time? Do the groups shift position in the earning hierarchy? Finally, the seventh chapter brings together the three empirical chapters and the theoretical framework. Which hypotheses are supported and which are repudiated? Chapter seven will end with concluding remarks and suggestions for future research.

CHAPTER TWO: THEORIES OF LABOR MARKET OUTCOMES

Norway has received immigrants from different countries at different times throughout history. Norway is not traditionally considered a country of immigration. Nonetheless, Norway had in the 1990's a gross immigration rate per capita akin to that of the United States (Suhrke 1996:VII), and is now considered a mid-range country where immigration has been prevailing the last few decades or so (Heath & Cheung 2007). Norway has increased the influx of refugees more than any other country (Johansen 2008), and the nation has moved from homogenous to multi-cultural in the matter of a few decades. Along with this transition comes a need for policies of integration. To facilitate inter-group interaction and a nation-wide collectiveness, individuals need to participate in, contribute to, and receive from society on equal rates and according to ability, independent of ethnicity.

2.1 THE IMPORTANCE OF THE LABOR MARKET

The goal of the Norwegian integration policy is to have an active, participating and self-sufficient population. The goal is for all individuals to work and make a living so they can care for themselves. One of the most important arenas for this process is the labor market, thus inclusion and participation in the labor force is crucial to reach this goal (St.meld. nr.17-1996/97). The incorporation of immigrants in the labor market is considered beneficial for the individual and the society, fostering social coexisting and community building and possibly economic prosperity for the nation at large (Brochmann & Dølvik 2006:164). Participation in the labor market allows for social networking outside the family, which again bring about familiarity with the native culture, language and lifestyle. In Norway, as Mogensen and Matthiessen (2000:76) show is the case in Denmark, low labor market participation prevents immigrants from expanding their social network and potentially limits their knowledge about the society at large. Work can be considered a secondary socialization factor, and for immigrants it can function as a springboard into the wider society. Thomás R. Jiménez (2008) takes it even further and claims that the economic participation and advancements is the engine of assimilation. He argues that economic mobilization is conditional for cultural

assimilation¹. Without economic advancement assimilation into the society is impossible (Jiménez 2008). Hence, studying aspects of immigrant's status, accommodation, participation, and outcome related to the labor market is important for economic assimilation, and construction of immigrant policies.

As stated in the previous chapter, previous research has illustrated how immigrants from outside Western Europe, North America, and Oceania tend to do worse in the labor market than natives. First of all, they have a higher rate of unemployment, and secondly, they tend to fall in a secondary segment of the labor market once hired and experience lower pay, less security, and a poor career trajectory. Nonetheless, more immigrants enter the labor market in absolute numbers now than ever before. We have seen a quadruple increase in numbers of non-western immigrants in the Norwegian labor market since the early 1990's (Rogstad & Orupabu 2007). But among the individuals that gain access we see great variation of degree of success. As I show in the analyses I have conducted, some groups do very well, while others fall behind—relative to other immigrants as well as to natives. In some cases there are bigger differences between immigrant groups of different origin, than between immigrants and natives. This thesis will contribute to an explanation of the variation in labor market outcomes among immigrant groups. Why do some groups have better outcomes than others?

There are mainly two perspectives that can account for this differences—performance and evaluation. There are myriad theories attempting to explain the variation in labor market outcomes, where some look at characteristics of the immigrants, while others focus on how immigrants are received in the host society. In *Immigrant Integration*, Frank van Tubergen (2006) collects studies from 18 different western countries of immigrants' labor markets integration. In order to understand the complexity of the process of integration Tubergen put forward three different aspects of labor market integration. Rather than simply looking at where immigrants come from or where they migrate to, studies of immigrants' integration should incorporate groups from multiple

¹ Cultural assimilation is much more frequently used in the immigration debate in the US. Integration is also employed, but assimilation is still prevailing—in the economic sphere as well as cultural. Further reading please see Rumbaut 1997; Alba & Nee 1997; Reitz & Sklar 1997; Meng & Gregory 2005; Waters & Jiménez 2005)

origins in multiple destinations. To understand the incorporation of immigrants, three aspects should be considered: origin effects, destination effects, and community effects, where the latter points to the composition and activity of the community—an interaction between origin- and destination effects. I will draw upon this trifecta of origin, destination, and community in my theoretical framework. Heath, Cheung and Smith (2007) have a similar approach in their comparative study. With contributions from several countries they compare ethnic minorities of several backgrounds in several countries.

In the following, I will present theories that can explain the variation within the immigrant population. Not surprisingly, we see great variation in labor market outcomes between immigrant groups of different origins. This builds up under arguments about separating immigrant groups from each other and not categorizing them as one. Below I will present theories that can explain these diverging trajectories. There are three aspects where the immigrant groups might vary and which in return can lead to diverging income trajectories. Immigrant groups might have varying characteristics following the lines of national *origin*, how they are *received*, or by *community*. These three aspects again affect *performance* and *evaluation*, which influence labor market *outcome*.

First, there are things that correlate with origin that affect labor market outcomes. One of the theories used to discuss this aspect is theory of human capital. Additionally, cultural differences and country specific human capital are used to explain origin-related difference. Also, whether immigrants arrived as political or economic immigrants could influence their motivation, and thus their performance, in the labor market. In end, this can affect labor market outcomes. However, origin is not the lone explanatory factor. The second perspective looks to country of destination to explain immigrant integration. According to this view immigrants are treated differently by host society, and thus experience lower labor market outcomes than natives. Theories of this sort point to discriminatory and prejudice behavior as well as policy-making and institutions' affect on integration. Also, destination effects include theories of stigma. How does that vary between groups? Third and finally, labor market performance and outcome

might vary across groups due to aspects of the immigrant community. In addition to difference in origin and treatment, immigrant groups might have varying resources at hand through their membership in a community. Some communities will have more extensive social networks, and this would necessarily lead to a difference in labor market outcomes between groups.

This threefold categorization is not obvious, and I could have presented the theories in a different manner. But the distinction links to the aspect of integration offered by Tubergen, Maas and Flap (2004), which I find advantageous in the discussion of immigrant integration. Moreover, it helps explain variation within the immigrant population by drawing upon theories of community effects in addition to origin and destination. Even though one perspective cannot be isolated from the others, the framework makes up a practical tool when discussing immigrant integration. Along with the theoretical discussion I propose different hypotheses I can test empirically. I start with a discussion of theories of origin, followed by theories of destination. I end the chapter with a presentation of theories that point to community as determining for labor market outcomes. Finally, I give an overview of the hypotheses in a table.

2.2 ORIGIN EFFECTS

When explaining the differences in labor market outcomes within the immigrant population, characteristics of the immigrants, and how they vary with origin, are emphasized. Human capital is a common measurement for qualifications and is frequently used to explain differences in labor market performance. However, when discussing immigrants' integration in the labor market, a second aspect needs to be taken into consideration—not all educational systems are comparable. Simply omitting the effect of educational attainment does not eliminate difference in labor market outcomes. Two explanations can be given to this. First, individuals with foreign education do not experience equal return for their level of educational attainment. Second, characteristics outside the realm of education, like cultural and social luggage, put immigrants in an inferior position. I will bring in theories of country specific human capital to explain this.

2.2.1 The Theory of Human Capital

The theory of Human Capital was introduced in the discourse of income achievements and labor market success in the late 1950's and early 1960's. Jacob Mincer's (1958) "Investment in Human Capital and Personal Income Distribution" employed the theory on the explanation of personal earnings and wage distribution. The original idea was that a theory with a lone focus on physical resources was insufficient to explain differences in income growth, hence the move towards seeking answers in personal levels of skill and education. The reasoning behind the theory is based on an assumed bell curved distribution of skills and characteristics. Yet, income distribution does not follow this same pattern. To explain this discrepancy Mincer (1958) points to asymmetrical investments in education and training. Innate skills and characteristics do not automatically translate into earnings. Because the access to and success within the educational institutions is unevenly distributed, earnings do not follow the lines of innate characteristics. As an alternative, or a supplement, to physical capital, human capital was used to explain social economic differences. People's investment in human capital affects their earning curve and work as a step stone towards labor market success. Following Mincer's assertion we would expect immigrants of similar educational attainment to have similar labor market outcomes as each other, and as natives, because employers only consider employees' formal qualifications. Thus, other illegitimate features—like skin-color or religious praxis—would not affect labor market outcomes. The theory further assumes that similar level of education translates to similar performance. It is however questionable whether formal, educational qualifications are direct measurements of productivity.

Gary S. Becker (1962) contributed to this tradition with a focus on educational attainment's effect on labor market achievements in the US. The original idea of the theory of human capital suggests that more than just physical resources and position, personal achievements, training, and skills affect the distribution of income. Becker adds different types of education into the fraction. In addition to formal education, individuals attain human capital on the labor market through on-the-job training and experience. According to Becker (1975) this training falls either into the category of firm specific- or general human capital. The former points to education and skills

particular to the firm and not relevant as human capital outside the organization. While the latter points to human capital in general terms, which can be converted into resources to use in the labor market at large. The theory of human capital builds on the theory of rational choice. Individuals invest in education because that consequently will put them in a better position vis-à-vis their employers. Both these types of human capital makes the employee better suited in the labor market and makes his or hers bargaining power proportionally stronger. In line with the theory of rational choice, the individuals here maximize benefits and minimize the cost to reach whatever end they are striving for. The theory further proposes that individuals get labor market positions according to their level of human capital, and thus, in a meritocracy will be stratified along lines of education, training, and other factors of human capital. It would be irrational and economically unreasonable for an employer to hire an employee with lower credentials—and thus lower productivity—due to other illegitimate characteristics.

Hence, if individuals are rational and their actions mirror their desires we would expect everyone to invest in education to succeed in the labor market. Furthermore, assuming educational parity, there should be no difference in income and/or position. However, when studying individuals with education of various origins, the matter gets confused. Educational systems vary in content, formal criteria, length, etc. depending upon origin. Therefore, a simple control for education does not suffice. Two lines of differentiation have to be considered. First, immigrants of different origin will possess varying human capital, and second, they have different stigma attached to their particular educational degree. The latter will be discussed a later point (paragraph 2.4), but I will elaborate further on the former. Additionally, we can imagine non-academic capital to affect labor market outcomes and further confuse the effect of education. However, before elaborating on the mentioned aspects of immigrant education, I propose the first hypothesis based on the previous presentation of human capital.

H1: Education has a positive affect on income, though not similarly for all groups.

2.2.2 The Cultural Paradigm and Country Specific Human Capital

Even though a cultural paradigm hasn't been prevailing in the Norwegian debate of integration and inequality, there are explanations that point to the distinctiveness of immigrants' human capital vis-à-vis the natives' and each other. The theory is used to explain differences in formal qualifications as well as social conduct and cultural luggage. First, in relation to formal education, immigrants might hold the same educational title, but there might be substantial differences in their respective degrees. A degree in law is not universal, and a Pakistani law degree is not necessarily applicable to Norwegian law. Because education is so important for labor market outcome it is reasonable to assume that individuals with foreign education will struggle more in the Norwegian labor market. Similarly, we can assume that immigrants with Norwegian education will do better than immigrants with foreign attained degrees. My second hypothesis follows.

H2: Norwegian attained education will have a positive effect on labor market outcomes.

Are there reasons to believe that this would vary across origin? First of all, we know that some immigrant groups are more attractive to Norwegian employers than others. Hence, we would believe that these groups would gain from having higher education from country of origin. For the others, on the other hand, host-country schooling would probably have positive effect on income. I expect that the groups that are hired on basis of their education will have a higher educational level from country of origin, while the groups with lower education will gain more from host-country schooling. This hypothesis suggests:

H3: Host-country schooling is more positive for groups with lower education.

Culture is a contentious term and has even been denounced by scholars from different fields in fear of imposing upon others a static, ethnocentric, and a-historical view. However, *culture* cannot be discarded in sociology. Macionis and Plummer (2002:98-107) define culture as both the tangible and intangible world we are surrounded by, with especially focus on the importance of symbols, language, values, norms, and

material objects. To turn to culture to explain a phenomena or behavior is often considered deterministic. However, to acknowledge that people are different, and that part of this difference is due to national background is a central assumption in this study. Moreover, individuals that share nationality tend to share some kind of similarity. Country specific human capital is basically human capital, be it formal education or social conduct or alike, colored by the culture from the country in which it was attained (Chiswick 1978). Country of origin would also necessarily contribute to different cultural and social luggage. In addition to education being country specific, so is (to a large extent) other non-academic human capital like language, dress, social conduct, food etc. Immigrants will also lack necessary Norway-specific human capital like language proficiency and overall knowledge about the society. There are reasons to believe that these country specific characteristics will affect immigrants' labor market outcome in various ways—both in relation to performance and evaluation. This is related to the reasons for migrating and status of the immigrants. Economic and political immigrants might have different preconditions and motivations to perform in the labor market.

2.2.3 Immigrant Status

I find it useful to differentiate between immigrants with different incentives to migrate. There are reasons to believe that people with different background are incorporated into country of destination differently, and thus have divergent experiences with the identity aspect of working life. Immigrants to Norway can be separated into two groups; those who come to seek work—I call them economic immigrants—and those who come as refugees and have been forced to leave their country due to political or social upheaval or as a result of natural disasters—I call these political immigrants (Ehrenberg & Smith 2000:351). In addition, Norway has had a great influx of immigrants arriving as a result of family reunification, and among these we find both economic and political immigrants.

Political and economic immigrants have quite dissimilar preconditions when it comes to adjusting to a new society and a new way of living. It is likely that the different groups see the need to integrate into society differently, and that their motivation to some

extent depends on their immigrant status. We can envision that what strata of society that pack up and leaves correlates with reason for emigration. Political immigrants have usually been forced to flee their country, and because their migration is involuntary we assume they are rather unprepared to do well in the host country. Quite on the contrary, we can assume it to be individuals with the least resources that are forced to leave as political refugees. For economic immigrants the opposite scenario might be true—the educated and resourceful citizens emigrate causing a so-called *brain drain* in country of origin. Ehrenberg and Smith (2000) argue that political immigrants benefit more from investing in human capital in country of reception and thus have a steeper earning profile than economic immigrants, which, according to these writers, have less incentive to invest in education and alike, and experience a profile more parallel to the natives'. Economic immigrants will have fewer reasons to invest in country specific human capital because they usually arrive prepared and voluntarily, and often as temporary immigrants. Political immigrants, on the other hand, usually start on a level below natives and economic immigrants as workers with low human capital, but tend to accumulate country specific capital and experience a steep earning curve. In line with the theory of Ehrenberg and Smith (2000) I propose the following hypothesis:

H4: Political immigrants have a steeper earning profile than immigrants arriving as economic immigrants.

To summarize, theory of human capital projects similar labor market outcomes, due to correspondence in performance and evaluation, among individuals with similar educational attainment. For immigrants, however, the origin of their education—together with their cultural and social luggage—might complicate the transferability of education to labor market success. This might vary between immigrants of different status. Concurrently, we can imagine individuals of some professions to have a certain stigma—positive or negative—placed upon them due to their origin. This aspect will be further discussed as a destination effect under the following paragraph.

2.3 CONTEXT OF RECEPTION AND DESTINATION EFFECTS

Context of reception is important in a discussion of immigrant integration. Country of destination is influential for people's decision to migrate and also decisive in how well they do in their new country. Different nation-states employ different policies concerning immigration and integration, and this evidently affect immigrants' chance of upward mobility and overall incorporation. Barth, Bratsberg, and Raaum (2002b) illustrate the importance of host country in their comparative study of Norway and the US. Pakistani immigrants in the US are more fortunate in the labor market than Pakistani immigrants in Norway, even adjusted for the national average. Country of destination attracts specific individuals and the average immigrant might vary across host countries. This might also be due to correlation between immigrants' motivational level and choice of destination country, and is a possible explanation for the status of the immigrant population at large. However, when discussing differences in labor market outcome *within* the immigrant population in Norway, other aspects of reception have to be underlined.

2.3.1 Historical Changes

Difference in labor market outcomes between early and late immigrants can be explained by referring to the context to where they immigrate as a destination effects (Tubergen et al. 2004:705). It is very likely that the Norwegian society portrays itself differently to migrants in 1968 compared to 1986. The Norwegian society had changed from 1968 to 1986 overall, but more importantly, policies targeting immigration and integration had changed. After the immigration cessation in 1975, immigrant policies changed in content and employment. The focus moved from *managing foreign workers*—usually single, young, low educated, men—to *integrating families*. Integration efforts targeted numerous social institutions to integrate whole families into different spheres of society (Brochmann 2003). Consequently, immigrants will at different times perform better or worse depending upon the immigration policies targeting them. Also, certain groups are treated differently based on their status or reason for emigrating. Resources are channeled to certain immigrant groups depending upon their origin and background. Due to changing political surroundings, immigrants arriving at different times in history have different trajectories. The business cycle has also undergone great

fluctuations over the time span of these 17 years. Because we know that immigrants usually are more vulnerable during economic slumps, we would assume to see a change in relative earning level. Along with changes in policies and economy, the make-up and composition of society has changed over the period from 1979-1996. Following this line of thought, I propose the next hypothesis.

H5: Positions within the earning hierarchy will fluctuate over time.

2.3.2 Discrimination

At the same time natives' perceptions of immigrants are altered. Interaction between immigrants and natives is crucial for immigrants' integration, but also a potential obstacle. Discrimination is often understood as a negative differential treatment of a group where individuals act upon some kind of in-group preference or out-group prejudice (Tubergen et al. 2004:709). However, differential treatment based on rational and logical cognition is also labeled discriminatory. Because of this diversity within the pool of discriminatory action it is important to stress the variety of discrimination. Discrimination is an easy scapegoat in the discussion of labor market inequality. However, at the same time it is also one of the hardest phenomena to measure empirically. In statistics it is often measured as residuals after controlling for other legitimate variables of relevant characteristics (Tomaskovic-Devey, Thomas & Johnson 2005:85). However, the best way to statistically measure discrimination is to regress qualifications, illegitimate characteristics, and residuals against rewards, and if the effect of the illegitimate characteristics is greater than zero net of educational attainment, there is a good chance for discrimination (Petersen 2005:680). However, measuring qualifications can be challenging. Furthermore, there might be other legitimate features of the firm and its policy or other aspects of an individual's relevant qualification than meritocratic factors that are difficult to measure in such a model, and thus might end up in the residual and be interpreted as discrimination. One of these aspects is (assumed) productivity of a future employee. Differences in productivity, who gets along, social conduct, and so forth, can be difficult to measure statistically. Qualitative studies have an easier time spotting discrimination by actually questioning individuals of potential discriminatory treatment. However, what qualitative studies are left with are mostly

individuals' perceptions of discrimination. Because it has such negative stigma, it is difficult to get people openly confess that they are discriminating. On the other hand, people's perceptions of being targets of discrimination might also be colored by other factors than actual discrimination.

Measuring problems notwithstanding, discrimination is important to consider as a potential explanation for differences in labor market achievements and career trajectories. Discrimination has a very negative connotation to it, and is used to label different theories that point to situations of differential treatment caused by prejudice and negative resentments towards the groups. However, the reasoning behind an act labeled discriminatory might not be prejudice in nature. Discrimination as a consequence must be separated from discrimination as a motive, and it is important to consider the differences between the varieties of actions labeled as discriminatory.

Explaining why some immigrant groups do better than others with theories of discrimination would entail that some groups are more discriminated against than others. However, unfamiliarity, signaling, and stigmatization are possible explanations I will bring in to the discussion of discrimination.

2.3.3 Statistical Discrimination and Stigma

Statistical discrimination occurs in the employment setting when an employer treats an employee as a representative of a group and judges him or her on basis of group characteristics, in contrast to personal merits, characteristics, or skills. This type of discrimination may be rational and based on a conscious decision of statistical knowledge of a certain group. By using group characteristics, an employer may save time and resources by not having to evaluate individuals based on personal traits. It can also help an employer having to find rational and well-supported reasons for the applicant they end up hiring. Even though the information may be wrong in some individual cases, the overall assessment is statistically correct (Petersen 2005:678). Statistical discrimination is connected to insecurity and insufficient information on individuals. In the case of immigrants, statistical discrimination can be a result of limited information on background, education, and level of integration. Hence, the

employer makes the best decision according to his or her level of knowledge, without considering macro structural consequences that might indicate discrimination (Rogstad 2006:16). As a parallel to statistical discrimination we can imagine natives to act upon assumptions about different minority groups. Similarly, different groups might have various stigma placed upon them—due to either their origin and/or their educational attainment. Employer might be more or less inclined to hire a worker of a certain ethnicity depending upon that groups' stigma. Some groups might have better or worse stigma attached to their group affiliation. These stigmas might also be related to groups within groups, as specific professions have better or worse reputations. As employers, if satisfied with a worker, use ethnic networks for additional employments (Rogstad 2001), it is also possible they use groups' (negative) reputation in similar decision processes. The use of statistical discrimination is related to degree of familiarity to the group in question, but it also relies on signaling. The latter suggests that education acts as a flag, which employers use to determine whether applicants possess a desired, but unobservable set of skills, attitudes, and traits. It is not educational attainment *per se* that is used as measurement, but rather qualifications assumed to follow a certain educational degree (Spence 1973; Stiglitz 1975).

2.3.4 Signaling

Signaling theory is especially relevant concerning evaluation of immigrants and their foreign education because they might have a harder time communicating qualifications and credentials. Also, employers might have a more difficult time assessing characteristics of a degree or a person due to limited knowledge about his or her background. Hence, immigrants might end up not being considered on equal level to natives due to employers' challenges of interpreting signals (Rogstad 2001). Challenges of signaling are expected to change as society changes. First, as immigrants attain more country specific human capital and get more familiar with host-society, they will be better equipped to communicate their qualifications—formal as well as informal. Second, as immigrants are increasingly present in society and as the Norwegian society gets increasingly multiethnic it is probable that employers' familiarity with immigrants will improve. Residency naturally correlates with time, and the Norwegian society went through big changes from 1979 to 1996. The percentage of immigrants increased,

and people's attitudes and perceptions of immigrants changed accordingly. In consequence, this increases the likelihood of immigrants being considered for positions they would previously not "qualify" for. I would suggest that both performance—immigrants' actual qualifications and their capability of communicating them—and evaluation—natives' degree of familiarity and understanding—improves with increased residency. Because signaling assumes a mutual relationship I suggest that immigrant presence in society has a positive effect on natives' capability and willingness to understand and interact with them. I construct two hypotheses drawing upon the previous discussion of statistical discrimination, signaling, and stigma.

H6: Immigrants will improve their relative labor market outcome with increased residency.

H7: Groups will improve differently due to various degrees of stigma and discrimination.

In addition to familiarity and signaling, relative size matters for chances of discrimination. Drawing on theories of resources competition and tipping point, I suggest an opposite effect of native-immigrant contact.

2.3.5 Bigger Numbers, Bigger Threat

According to group position theory conflict erupts when competition for resources and perceptions of who is entitled follow the same lines as the division between minority and majority. More than just an explanation of individual motivation and activity, group position theory focuses on how groups relate to each other, and how individuals act according to their group position and preference. Group position theory, as defined by Bobo and Tuan (2006), relies on four premises: (1) There exists a feeling of in-group superiority, (2) the out-group is perceived as aliens and (3) as a threat to the in-group and its resources, (4) which are considered property of the in-group. With this in mind let us try to understand the relationship between group size and labor market outcome.

Combining realistic conflict theory and social identity theory Scheepers, Gijsberts & Coenders (2002) propose ethnic competition theory, which suggests that actual as well as perceived competition between groups, on individual and contextual level, can produce ethnic exclusionism. The theory assumes that bigger minority groups are seen as a threat and thus are more discriminated against than smaller groups. The threat can be symbolic, economic, or cultural, and (be perceived to) target both individuals and society at large (Schneider 2008:54). Drawing on competition theory bigger groups are perceived as bigger threats to economic and political power due to their relative size and presence in society. Theories of this sort have been introduced to explain residential segregation. Schelling (1969) illustrated how inter-racial residential areas can persist only to a certain point. When the composition exceed a certain level of black, white residents will move away. The theory has also been introduce to studies on the labor market and suggests that the bigger the group, the less well they will perform in the labor market (Tubergen et al. 2004:710). The next hypothesis suggest:

H8: Big groups are more discriminated against and will do poorly in the labor market compared to smaller groups.

The hypothesis can also be applicable on business level. Immigrants might seem more threatening on natives when there are a higher percentage of immigrants in the firm. Following this mindset we assume that immigrants in firms with relatively many immigrants will be more discriminated against than immigrants in firms with relatively few immigrants.

2.3.6 Contact Theory

Vassenden (2007) has employed similar theories on Norwegian residential data. But he shows that natives Norwegians express a somewhat contradictory attitude towards immigrants. Through interviews, middleclass natives express an increasing skepticism towards immigrants after living in a multi-ethnic neighborhood. For low-educated natives, the trend is opposite. Vassenden's research adds another level to the theory by illustrating this variation. While some natives get increasingly negative towards immigrants, for others, immigrant-native contact produce increasingly positive attitudes.

Opposite to competition theory, contact interaction theory suggests that the effect of a threatening out-group will be smaller for groups that interact with members of the opposite group. Hence, immigrants and natives working together is more likely to get along and produce better labor market outcomes. Contact theory suggests that discrimination and prejudice will decline with increased contact between majority and minority. Frequent encounters will contribute to a decline in prejudice, xenophobia, and stereotyping. Natives become more familiar with characteristics of immigrants, and vice versa, which facilitates interaction and collaboration across the minority-majority differentiation. In context of a firm we can imagine natives to be more positive towards immigrants as a result of their presence and interaction. This will in results contribute to more positive labor market outcomes for immigrants.

H9: Interaction between minority and majority is positive for immigrants' outcomes.

However, while these theories focus on how immigrants gain or lose according to encounters with natives, it does not account for intra-ethnic cooperation and relations. Social capital does also correlate with group size. Ethnic enclaves that are discriminated against do not necessarily experience a bad economic integration. Quite on the contrary, by taking advantage of social networks and being positive discriminatory towards members of ethnic communities, big immigrants groups can mobilize and influence each other's success. I will move on to discuss the importance of community effects. In addition to origin and destination, community is very influential on how immigrants perform in the labor market.

2.4 COMMUNITY EFFECTS

Community effects are important to consider in the discussion of the immigrant integration as a mediator between origin and destination effects. Origin effects are important, but not sufficient. Information about immigrants' origin provides important insights, but because we know that immigrants with similar background perform very differently depending upon destination, we know that origin does not offer a sufficient explanation. Similarly, we know that country of destination and the environment

surrounding immigrants is fundamental for how well integrated they are, but not determining. Immigrants of different origin, who share country of destination, vary in level of integration. Additionally, the combination of origin and destination creates a community, which to a large extent determine how well or poorly a group does. In the following I will elaborate on theories of community effects.

As we have seen, one side of the panel suggests that the bigger the immigrant group is, the worse off they are. By referring to relative size and perceptions of threats, they design a theory that predicts negative affects of group size, built on theories of political competition, discrimination and group position. The other side, quite on the contrary, suggests that increased contact contribute to mutual interaction between immigrants and natives, which in return will improve communication between them and impressions about members of the other group. I add to this and suggest that big immigrant groups will do well due to social “ethnic” networks. I will discuss the latter hypothesis, along with other assumptions and theories on group dynamics and its effect on labor market outcomes. I will draw on theories of social capital along with a discussion of *community effect*, as used by van Tubergen (2006; Tubergen et al. 2004).

2.4.1 Big is Better

In contrast to the previous hypothesis, H8, that assumes that big immigrant groups appear as bigger threats, and thus do poorly in the labor market, this hypothesis claims that big immigrant groups, along with groups with longer residency, will do better than “younger” and small groups. This is explained by referring to social capital and *ethnic networks*. Social capital was originally theorized by Pierre Bourdieu (1986) and J. S. Coleman (1988). Social capital refers to social networks and contacts a person can take advantage of to improve his or her position, and the theory has partly been used to reject or simply extend the understanding of the economic approach of rational choice theory. As a parallel to financial, physical, and human capital, Coleman (1988:118) adds social capital to capture the social relations that all of these are embedded in. Social capital is introduced as a tool to bridge two platforms of theory of social action: One where the actor is foremost steered by social norms and structures—usually adopted by sociologists—and one where the actor is mainly driven by self-interest and rationality—

mainly employed in works of economists (Coleman 1988: 95-96). In social organization a rational actor can only make his choices within the social circumstance of which he finds himself. Similarly, the resources made available to him is what Coleman calls social capital.

2.4.2 Network Migration

Several scholars (Massey 1990; Portes & Böröcz 1989) consider social capital one of the main driving forces of migration: The more individuals from one immigrant group you have in one place, the more likely it is for more immigrants to follow. Massey (1990) stresses the importance of immigrants' network on immigration's sustainability. Immigration is made a self-perpetuating process through the production of social and ethnic networks, net of relative wage differences, economic structures, and immigration policies. New immigrants can take advantage of the settled immigrants' experience and networks, and consequently do better than they would as the first immigrants to a country of destination (Massey 1990:69). Moreover, this second flow of immigrants is more likely to occur exactly because of the development of networks. Social capital is here understood as "ethnic capital": the social network provides resources immigrants within an ethnic group can use at their advantage (Tubergen et al. 2004:710). Social networks between immigrants are, according to Portes and Böröcz (1989:612), the core micro-structural process that makes migration continue over time. Following this line of thought, bigger groups of immigrants, with consequently more extensive networks, will perform better in the labor market. Moreover, the first wave of immigrants from a group will have a harder time integrating, while the waves following will have a better time adjusting to the host society, taking advantage of previous immigrants and their networks. An example of the effect of ethnic networks on continuing immigration is the increased influx of immigrants on family reunification following labor immigration. As immigrants settle down they get family to follow, which again—especially after being naturalized—can bring more relatives to come after, creating a system of *network migration* (Massey 1990:71).

Also, the bigger the group, the more extensive a social network is. More importantly, following Granovetter (1973), big group will have access to more weak ties. This

theory can also explain social networking across immigrant groups. According to Granovetter, it is not the direct contacts that are most important for success, but rather the importance of having myriad acquaintances, and thus many *weak ties*. “The strength of weak ties” can help explain how diffuse networks between immigrant groups can facilitate labor market access. Immigrants in firms with immigrant majority might have good outcomes due to intra-group interaction between immigrants.

Bigger immigrant groups will consequently have a larger pool of which to draw upon in need, and it is most likely more people with helpful resources within the group. Hence, the hypothesis:

H10: Bigger groups perform better than smaller groups due to the available social capital offered through membership in a certain group.

However, ethnic networks does not necessarily entail access to well paid jobs. On the contrary, by using ethnic networks, immigrants might get stuck in so-called *ethnic enclaves* in the labor market. The benefit from social networks on labor market integration might not be as advantageous for immigrants as for natives. Qualitative studies have shown immigrants often times get jobs through a co-ethnic that have already gained access to an establishment (Rogstad 2001). Nevertheless, entrance to the labor market does not necessarily entail monetary success. Big groups can also be more likely to develop ethnic enclaves within the labor market, but not necessarily jobs with great career possibilities. Geographic, economic, and social circumstances put immigrants in a different situation, where networking can lead to increasing segregation and in fact, ardently oppose integration. This is especially likely for immigrants as they usually have a harder time getting access through the traditional way. Access to the labor market does not necessarily translate to success in the labor market, and the positions hired through networks are often the ones with low requirements and consequently lower compensation. These positions also usually require less country specific capital like language comprehension and country specific social conduct and are thus more open to ethnic minorities. As Rogstad (2001:109) points out, immigrants are not excluded from social networking overall, but they are

often engaged in other networks than the majority. Networks operate parallel to each other, and the networks available to immigrants are often different from those used by the majority. Thus, immigrants end up in segregated networks, and consequently segregated strata of the labor market. Immigrants end up in a secondary segment of the labor market, accompanied by lower pay, less security, and fewer rights (Doeringer & Piore 1971). This is less prevalent in Norway where we have a strong labor union and labor rights. However, the Norwegian labor market, as any other, is stratified, and immigrants that use ethnic networks to access the labor market have a chance of ending up in the lower strata. Even though these positions do not have the greatest career prospects, they make it possible for immigrants to access the labor market. What is crucial is what happens after access. Does interaction between natives and immigrants can facilitate further integration? Or do some immigrants experience negative discriminatory treatment endogenous to the labor market? Drawing on Tomaskovic-Devey, Thomas, and Johnson's (2005) theoretical framework we can expect natives to discriminate against immigrants after access to the labor market. They differ between human capital exogenous and endogenous to the labor market. As a result of discrimination internal to the labor market immigrants (or in their case, non-whites) will be prevented from attaining endogenous human capital, and consequently experience a slow trajectory. Endogenous human capital is not a result of an individual's investments; rather, it is relying on the decisions and actions of employers and co-workers and should thus be considered a social product (Tomaskovic-Devey et al. 2005:65). We can imagine this process of differentiation to be even greater within firms.

2.5 CONCLUDING REMARKS

I have presented 10 observable hypotheses drawing on different theoretical perspectives on labor market performance. They follow the three perspectives on integration introduced in the chapter's introduction. I sum up the hypothesis below.

- H1 Higher Education has a positive effect on earnings, though not similarly for all groups.
- H2 Norwegian attained education will have a positive effect on labor market outcomes.
- H3 Host-country schooling is more positive for groups with lower education.
- H4 Political immigrants have a steeper earning profile than immigrants arriving as economic immigrants.
- H5 Positions within the earning hierarchy will fluctuate over time.
- H6 Immigrants will improve their relative labor market outcome with increased residency.
- H7 Groups will improve differently due to various degrees of stigma and discrimination
- H8 Big groups are more discriminated against and will do poorly in the labor market compared to smaller groups.
- H9 Interaction between minority and majority is positive for immigrants' outcomes.
- H10 Bigger groups perform better than smaller groups due to the available social capital offered through membership in a certain group.

The next chapter will present data and methodology employed in this study. The following three chapters will target different hypotheses and discuss immigrants' level of economic assimilation and integration. However, the testing of the hypotheses will follow a different pattern than how they are presented in this chapter. Below I list the hypothesis according to the empirical chapters where they will be discussed, along with the theoretical perspective they represent.

Chapter	Hypothesis	Perspective	Theory
4. Trajectories	H4: Immigrant status	Origin	Motivation/Human Capital
	H6: Residency	Destination/ Origin	Signaling/Human Capital
	H7: Residency	Destination	Discrimination/ Stigma
5. Education	H1: Higher Education	Origin	Human Capital
	H2: Norwegian Education.	Origin	Human Capital
	H3: Foreign Education.	Origin	Human Capital/Stigma
6. Size	H5: Time	Destination/ Community	Composition/ Signaling
	H8: Group Size	Destination	Discrimination/ Competition
	H9: Contact	Destination/ Community	Contact Theory
	H10: Group Size	Destination/ Community	Social Capital

CHAPTER THREE: DATA AND METHODOLOGY

A chapter on data and methodology is first and foremost a way to explain how and why I have made the methodological choices I have, and to clarify the consequences of them. I will explain the advantages of the choices I have made, but also point to potential drawbacks. I will address why this study does a good job in answering the questions raised in the paper. I start with a description of the data I have used. Then, I discuss the particularity of the data, followed by a description of the different variables I use in the analyses. The last part of the chapter includes a presentation of the methodology I employ.

3.1 DATA

The data are made available to me through the project “Inclusion In the Labor Market: Women, Elderly, and Minorities” under management of Professor Trond Petersen and Professor Geir Høgsnes. Statistics Norway collected the data from different employee organization, the biggest part coming from the Confederation of Business and Employers (NHO). It is a comprehensive data set with panel structure that stretches from 1979 to 1996. Employers are bound by law to collect and report the data, which are used for wage bargaining and economic planning. This makes the data reliable than sample surveys of personal reports.

The data are from several industries within the private sector, and most of the employees are white-collar workers. The number of observations ranges from 129,000 to 234,000 individuals per year. They include employees from a variety of industries: manufacturing, oil extraction, mining, quarrying, transportation, storage, communication, banking, and various other industries.

My data dates from 1979 to 1996. Over the span of these 17 years the percentage of immigrants has increased from 4% to 7% of the total sample. Of these, the majority is western immigrants with the largest groups descending from Sweden, Denmark, Britain, United States, and Germany. Among the largest non-western groups are Pakistani, Iraqi, Iranian, Poles, South African, Indian, Chinese, Vietnamese, Czech, and

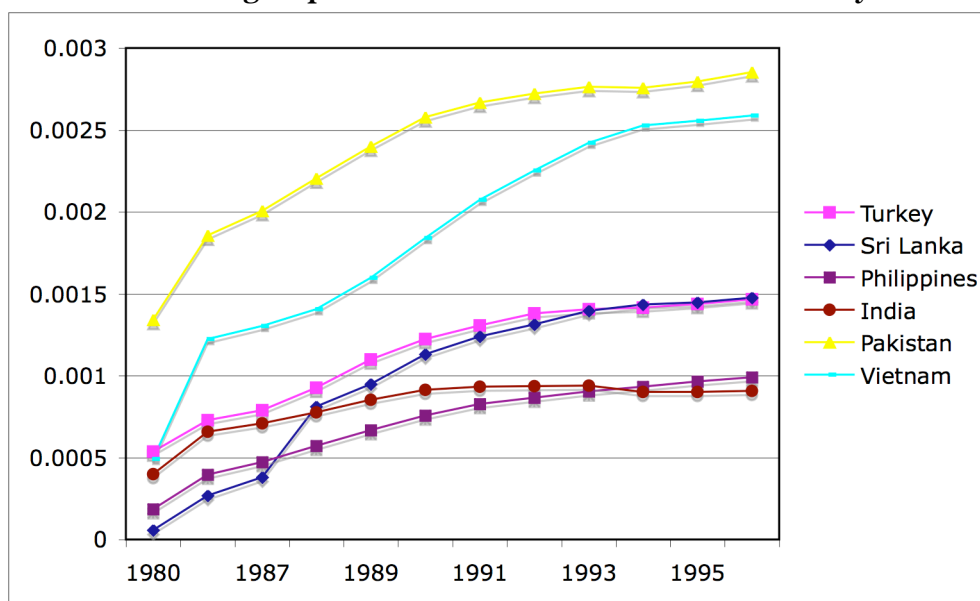
Turkish. In our data, as in the population, the percentage of non-western immigrants has increased throughout the time period.

Despite a low number of immigrants, by comparison, we see that the representation of immigrants in this study is higher than in national statistics at the time. The low presentation of immigrants is in fact a reflection of the timid amount of immigrants in the Norwegian labor market at the given time. Statistics Norway reports that in 1991 there were 58,771 immigrants in the labor market. This makes up 3.5% of the total work force (1,694,670) (SSB 2002). The equivalent numbers for my data propose that immigrants make up 7.59% (13,869) of the total work force (182,864). These numbers reflect the whole immigrant population. As we will see later the percentages are lower for the groups this study target.

The percentage of immigrants in the Norwegian society has increased over the period. The Norwegian society underwent great transformation from the 1970's to the 1990's. Over these nearly 20 years, immigration increased continuously, and the period stretches over especially two types of arrivals—labor immigrants in the 60's and early 70's and the following influx of refugees and immigrants on family reunification in the late 70's and onwards (Brochmann 2003). As a result of this, the Norwegian society became increasingly heterogeneous. The presence of immigrants in the population is likely to affect immigrants in the labor market myriad ways.

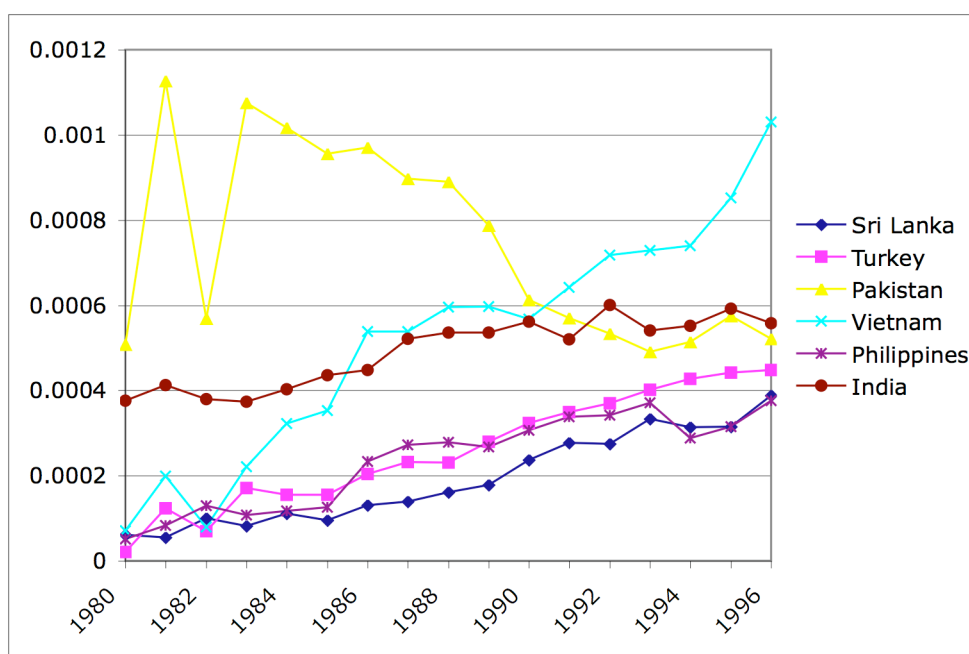
The amount of immigrants and the composition of the group can be affected by the data being from only the private sector. There are more immigrants (especially non-western immigrants) working in private sector. This might be a combination of the educational attainment of the group and the composition of positions in the different sectors. In private sector you get a wide range of occupations, many of which don't demand higher education. Establishments in the hotel, restaurant, and cleaning sectors are part of the private sector where non-western immigrants are highly represented (SSB 2006). I have chosen to do my analyses on six selected immigrant groups. To describe the changes in the context I graph the percentage of these groups relative to natives throughout.

Figure 3.1: Percentage of immigrants relative to native population. 1980-1996. Selected groups. Numbers from SSB statBank Norway.



Following the graph we see that the percentage of immigrants from the six selected increases throughout the period. However, they still make up a small percentage of the native population. Below I present the same graph from my dataset.

Figure 3.2: Percentage of immigrants relative to native in the dataset. 1980-1996.



The numbers from figure 3.1 paint a picture of the circumstances around the employees in this study, and how this changed over the years. All groups, except the Pakistani immigrants, have an increasing representation throughout the period. The Pakistani group has an irregular curve, and start and end at about the same relative level. The remaining groups have an increasing present relative to natives. Overall, the pattern is about the same, and the relative positioning between the groups are similar in both figures. The exceptions are a higher present of Indians in the dataset, and the high present of Pakistanis at the start of the period.

This is not a study of unemployment rates and challenges of access to the labor market, but a study where I analyze wage levels and developments throughout a person's career. Thus, it is more advantageous to use employment data than population data in this study. But doing analysis on these kinds of data, we also have to be careful when we discuss and interpret the results. Brekke (2006) mentions this as an important part of the interpretation of her results on wage differences. It is highly likely that immigrants with access to the labor market make up a selected group of the immigrant population. Studies have shown that immigrants have a hard time obtaining access to the labor market (Brekke 2006). What my data can help elucidate is what position immigrants are in once they are inside the gates of employment. Thus, my study does not include analyses of immigrants per se, but rather employed immigrants, and these individuals might belong to a selected group within the population. After explaining the different variables I include in my analyses, I will elaborate on the particularity of the sample and point to possible processes of selection.

3.2 VARIABLES

3.2.1 Dependent Variable: Earnings

Level of earnings reflects an individual's position and status in the labor market. Furthermore, comparing earnings can give valuable information about economic assimilation and level of integration. This approach also allows for comparison between individual's return in the labor markets. By holding other variables constant I examine the differences of return and compensation. I compare earnings between groups, as well

as within the individual. The longitudinal design allows for analyses of earning trajectory throughout an individual's career.

I use monthly income—calculated from contractual monthly earnings and hours. Hours worked as overtime or bonuses are not included in the wage variable. I have standardized the earnings to 1996-level, hence the difference due to shift in monetary level is omitted. I use the natural logarithm of monthly salary as a dependent variable. That way I can show the relative differences and changes. It makes it easier to compare coefficients and different models.

3.2.2 Independent Variables

3.2.2.1 National Origin

To measure ethnicity this study relies on national origin. I employ country of birth as a variable to determine background and to differentiate within the immigrant population. National origin is an objective measurement of ethnicity because it relies on actual decent and is not contingent upon citizenship. When using citizenship we lose immigrants that change their citizenship, while country of birth stays constant over time (Henriksen 2007:25). Longva and Raaum (2000) points to how the immigrants who become naturalized, and those who do not, make up a selected group and thus basing the analysis on that factor can skew the results systematically. Also, it can be argued that country of origin is correlated with citizenship because some nationals are more likely to get a Norwegian citizenship than others (Henriksen 2007). However, the advantage of using national origin can also be turned to a drawback due to the implications of a study. Categorizing individuals on their national background in statistics can stigmatize people with a certain nationality depending upon the results of a study (Brekke & Borchgrevink 2007). In fear of stigmatizing certain nationals, categorization following lines of nationality, and especially religion, is many times avoided.

Nevertheless, it is reasonable to assume that individuals that share nationality also have other characteristics in common. This is a central assumption for this study. Nationality is only one of many identity markers, and one way of many, to categorize

individuals into groups. The problem of grouping applies to all different labels, not specifically nationality. It is important to keep in mind the contextuality of the categories taken into use. So when I group individuals by national origin, this does not indicate that nationality is a universally determining identity marker. Nor is it intended to attach the *blame* or *commendation* to the specific national origin. Determining connotations notwithstanding, national origin explains a lot of the variation within the immigrant population (Henriksen 2007:24).

I limit my study to six groups of Asian nationals—immigrants of Pakistani, Turkish, Indian, Vietnamese, Philippine, and Sri Lankan origin. I chose these groups because they are among the largest and therefore of important significance to a study of labor market participation among immigrants. Secondly, there are interesting comparative aspects among the groups. Some are similar in history and characteristics, while others are very different, opening up for great possibilities of comparison. Finally, because they are all nationals of Asian region it is an interesting alternative to a conventional approach where regional origin is used to group immigrants. How much similarity is there between Asian nationals?

Breaking down categories according to more refined groups does not necessarily contribute to placing stigma on certain origins or cultures. Rather, by publishing such results I can contribute to a better understanding of the variation within the immigrant population. Of this reason, such categorization can facilitate policies intended to improve immigrants labor market outcomes. It is also worth noting that the alternative to using national background in studies of the immigrant population is to lump them all together into more all-embracing categories. To only differ between western and non-western immigrants is a fairly common approach in the study of immigration and integration. In many cases this is a too simplistic view of the matter. There are great differences within these two groups, and with such an oversimplification we ignore this diversity. The problem of grouping immigrants together is also connected to the exceptionality of the sample in this study. The use of “non-western” over more nuanced categories is contentious when studying a selected group. Studying the whole population we can control for myriad variables and characteristics. However, when

analyzing a selected group there might have been previous processes that we cannot account for. Furthermore, the process might vary between groups further implying the need to use more distinctive categories. Hence, I employ models with categories based on nationality to capture the variation between countries.

There is also a need to make a distinction between first generation immigrants and their descendants. I use the definition of immigrants of Statistics Norway that states that: “The immigrant population consists of people with two foreign borne parents: First generation immigrants who have moved to Norway and people who were born in Norway of two parents who were born abroad” (SSB Immigration). In this study I focus only on first generation immigrants. Considering Norway is a fairly new country of immigration (at least from outside Western Europe), the second generation is still pretty young. Many of them have not yet reached the age where they enter the labor market, but are still found in educational institutions. Moreover, they have not accumulated much labor market experience to conduct a study of their careers. I will elaborate on the use of age as an independent variable. The relationship between age and generation is, not surprisingly, highly connected, and the limitation on age naturally affects what generation is included in the study. Also, a study of the first generation immigrants has implications for future policy making. Knowledge about this generation is important, as participation and improved outcomes in the labor market of the coming generations is stressed.

3.2.2.2 Age

One of the things I analyze is difference in career trajectory. I use age as the variable to measure time. When I use age as time developing variable, instead of historical time, the relative earning profile for each region changes because I no longer compare the immigrant groups over time, but rather study the development of earnings within a person’s career. It is substantially reasonable to limit the range of observations to individuals over 25 years when considering educational attainment. It is expected that individuals with higher education do not enter the labor market until they are about 25 years old. Considering education will be one of my control variables it makes sense to make such a limitation. Individuals under 25 years are atypical from the rest of the

observations on salary, and can thus potentially affect the results because they systematically earn less than individuals in other stages in life. Many individuals under 25 years are still students with a part time job and thus have a lower income than they would if they worked full time. I find it fruitful to leave these out of the analyses.

I also choose to limit the range of years to a 20 years period. Individuals over 45 are still active in the work force. The age of retirement in Norway is 67 years. However, during the period between 25 and 45 a person should experience the peak of his or her career, and this period is also a good indicator for how the career will develop. It also makes sense to limit the period of time to reduce the number of outliers.

3.2.2.3 Education

Education is a good indicator of human capital possession and is used to stratify within the labor force. Educational attainment is often used to legitimize processes of hiring and promotion, as well as decisions about earnings. By using level of education as an independent variable I compare individuals with the same level of formal human capital. By controlling for education, differences that come across as significant are eliminated if they are due to differences in educational attainment. Rather, I investigate differences in returns of education. Do some groups experience greater advantages from education than others?

I measure education mostly as a dummy variable of having higher education or not. In some models I also specify the type of higher education—bachelors, masters, or professional degrees. One way to differentiate between workers is to look at their education. However, an immigrant's educational attainment can be difficult to measure methodologically. In this dataset registered education is either attained through Norwegian institutions or foreign education officially recognized. The latter is achieved by going through an extensive application process. It can be complicated to get foreign education recognized in the Norwegian system and by Norwegian employers. To apply foreign qualifications or education to the Norwegian labor market, immigrants have to get it recognized as equal to similar education in the Norwegian system. To further complicate the matter, Norwegian employers might have trouble understanding the

extent and content of a foreign education. The transferability of foreign education is difficult, and immigrants with a degree from country of origin are challenged when they try to apply their education to the Norwegian labor market.

By making a variable defining educational attainment before arrival it is possible to see the effect of having foreign education attained in the Norwegian system. This makes an interesting addition to simply looking at higher education.

3.2.2.4 Year

Even though my main time variable is age, I have to include years in my analyses. Wage levels change and unemployment rates fluctuate over time, along with changes in purchasing power, and big macro financial developments. These trends change across years and it is necessary to take this into consideration when studying wage development. In addition to changes in relation to immigrants, the span from 1979 to 1996 involved other societal and economic changes. During the 80's Norwegian economy went through a slump, which had grave consequences for the labor market.

Year can be used either as a dummy for each registered year 1981-1996, or it can be measured as a continuous variable. It is reasonable to assume that wage level steadily increases throughout the period. However, it is more than likely that some years are better than others due to economic fluctuations. I have controlled for inflation and salary increase due to an increase in living expenses by adjusting wage to a standardized 1996 level. Nevertheless, the wage level will not appear linear due to changes in the business cycle. Because of this pattern, individuals can appear to have different or similar trajectory, but it might just be a result of the business cycle the year of measurement. This is important to keep in mind, especially when analyzing earning trajectories of immigrants, because they tend to hurt more than natives in times of economical downturns (Bratsberg et al. 2006). Thus, without controlling for what year they are measured in we might ascribe wage differences to personal merits and characteristics, when what we should consider was the affect of structural fluctuations. To decide what is most fruitful—dummy or continuous variable for year—we can look at the wage development for each group across years. Do some groups have a different

trajectory than others? We can assume the different groups possess different positions and occupations. As a result, changes in the business cycle could affect them in various ways. The continuous variable would not encompass this, because it would assume linearity—the dummy variable would thus be more appropriate.

3.3 A SELECTED GROUP

Because the data I use are employment data, they already differ from population data. I limit the scope of the research to immigrants in the labor market. Hence, unemployed immigrants are excluded from this study. Furthermore, the study mostly involves employees in white-collar positions (*funksjonærer*) in the private sector. Some might say this is a drawback and contest the generalizability of the findings. I, however, find it to be an advantage. There are especially two characteristics of the sample that make them exceptional and contribute to the interesting approach of this study. First, the individuals have already gained access to the labor market. Hence, they have reached the first step towards labor market integration—they have a job. This tells us they make up a particular group with certain characteristics valued by Norwegian employers. Also, it might say something about the individuals on a personal level. There are myriad reasons for why they have been successful in obtaining work, but one of these is probably a higher level of motivation and determination. Now, I can examine how this has paid off in terms of their relative position in the labor market vis-à-vis other groups.

Second, my sample is taken from private sector and consists mostly of white-collar employees. This further contributes to the particularity of the sample, and I continue to project this as an advantage, opposed to a drawback. In the public discourse immigrants are believed to work mostly in occupations that have low requirements of education and low monetary compensation. Along with this it is argued that immigrants constitute an underclass in the Norwegian society (NOU 2003:19). But although they are highly represented in blue-collar occupations, they are also present in white-collar occupations and administrative positions. Counter to the assumption of immigrants poor labor market participation, I show, by the very nature of these data, that there is a segment of the immigrant population that have gained access, and moreover, status, in the labor market. Instead of focusing on the unfortunate and detrimental views of immigrants'

status, I choose, in line with Rogstad's (2006) conclusion, to look at the immigrants that actually have succeeded. These individuals might bear characteristics above average that have facilitated this achievement. Does this mean that they perform on level with natives? Are the characteristics they possess and that have brought them this far sufficient to bring about full labor market integration? And how can knowledge about them facilitate integration of immigrants today?

The data reflect a process of selection when it comes to representation of gender. Women are underrepresented overall, and especially for the six groups in question. For Pakistanis the amount of women is infinitesimal with a male percentage of 93. The high percentage of men in the dataset further indicates a higher employment among men than women. However, men are traditionally more often employed in the private sector, while women are hired in the public sector. This might contribute to explain why men are overrepresented in the dataset.

The level of education is higher among the individuals in this study than in the population at large (Henriksen 2007). This further fuels the argument about selection. Individuals with higher education are more likely to be employed in the positions these data encompasses.

3.4 DESCRIPTIVE STATISTICS

Table 3.2 presents descriptive statistics on the data I use for my analyses. There are especially two aspects that are necessary to investigate: 1) What are the differences between native Norwegians and the immigrant groups in this dataset, and 2) How do the immigrant groups differ from each other. I have looked at different characteristics that are employed in the statistical models. I look at aspects that are significant for labor market outcomes. I explore differences on areas like education, age, age and time of immigration, gender, and income. I use these characteristics to describe differences and similarities within the immigrant population, as well as between immigrants and natives.

Table 3.3: Descriptive Statistics.

	Norway	Pakistan	Turkey	Vietnam	Sri Lanka	India	Philippines
Averages							
Income	15,110	11,525	16,373	13,988	15,613	15,935	13,673
Standardized income							
Overall	19,086	15,441	18,553	15,781	17,491	19,420	15,892
Men	21,119	15,677	18,539	16,525	17,778	21,128	18,022
Women	15,395	12,021	18,586	13,434	15,468	14,820	14,485
Age	35.4	34.6	31.7	32.6	36.6	35	35.8
(Variation)	(8.6)	(8)	(7.4)	(6.8)	(6.7)	(7)	(7.2)
Year of arrival	-	1975	1979	1981	1980	1977	1980
Years Since Migration	-	12.6	11.6	10.3	11.6	12.1	10.7
(Variation)	-	(5.1)	(5.5)	(4.4)	(4.6)	(6.1)	(5.6)
Age at immigration	-	21.9	19.8	22.2	24.9	22.8	25
(Variation)	-	(7.5)	(7.9)	(7.8)	(5.9)	(7.6)	(8)
Missing YSM	-						
Percentages							
Male	65	93	79	76	88	73	40
Education							
High school	70	78	60	62	53	47	50
College	9	15	16	11	17	26	34
Graduate	2	3	15	4	.5	11	8
Professional Degree	19	4	7	23	29	16	8
Higher Education	30	21	39	38	47	53	50
Men	35	21	36	40	49	57	47
Women	21	15	48	33	29	42	52
N Individuals	53,360	650	223	434	148	342	161
N Person-years	282,143	2203	781	1569	572	1443	697
Average years measured	5.3	3.4	3.5	3.6	3.9	4.2	4.3

Note: Statistical averages are calculated from person-years. Variation (Std. Dev.) is calculated from variation between individual averages. Standardized income is adjusted to 1996 level. Percentage of educational attainment illustrates the distribution of person-years on level of education.

3.4.1 Income

The first evident pattern looking at the table is that the variation in earnings between natives and immigrants is no bigger than between the different immigrant groups. It is clear that among employees in white-collar positions in the private sector in Norway between 1979 and 1996 there is great variation in educational level and income, but this difference does not mirror a native non-native separation, but rather show a variation within the immigrant population. Both the highest and lowest income is found within the immigrant population. Average income for the different groups is greatly dispersed, both with absolute numbers of income and when we use the standardized income. The average income for the Indian immigrants is higher in both measures, with 15,935 and 19,420, respectively. The group with the lowest income is the Pakistani immigrants with an overall standardized income averaging to 15,441—over 4,000 kroner below Indian immigrants. Again, it is necessary to stress the particularity of the objects of this

study, and the averages and percentages presented here will therefore not be on par with similar statistics on the population as a whole.

For all groups, except for immigrants of Turkish descent, men's earnings exceed women's. Similarly, for all groups, except Turks and Filipinos, men have a higher average of higher education than women. However, Philippine women do not see the same compensation in earnings as Turkish women—even with a higher average of higher education than Philippine men, the women have a lower average of earnings. The Philippine group is exception on another aspect—there are more women than men in the sample. For the remaining groups the male percentage varies between 65 (for natives) and 93 (for Pakistani). Among Filipinos, on the other hand, we find a male percentage of 40.

3.4.2 Residency

All the groups included in these statistics have a relatively long residency in Norway. The average years since migration are between 10.3 and 12.6, with a standard deviation between 4.4 and 6.1 years for the different groups. Immigrants of Indian descent have the highest variation in residency—6.1 years. They also have the second to longest average residency, just below Pakistani, with years since migration averaging to 12.1 and 12.6 years, respectively. The Vietnamese, who we know arrived mostly in the aftermath of the Vietnam War between 1978-1982, have the most compressed average. Pakistani immigrants make up the group with longest residency in this dataset.

3.4.3 Education

The only group that is listed with lower education than natives is the group of Pakistani immigrants with 21% higher education. Surprisingly enough, all other immigrant groups have higher percentage of higher education than that of natives. This builds up under the argument of sorting. Among higher educated, however, we see a great variation in level and type of higher education between the different groups. All groups have a highest percentage of high school diplomas (grunnskole). For most groups the majority of the individuals with higher education has either a lower college degree (bachelors degree (BA) or similar) or a professional degree. Higher university degrees

(masters degree (MA) or similar) are less common. Immigrants of Turkish descent, however, have an equal amount of individuals with lower (BA) and higher (MA) college degrees.

Educational level, as well as income, is lower for women than among the men. This is true for women of all origins except Turkish. The women in the dataset on average earn less than the men and have a lower education, except that among the Turks women have on average higher education than the men. However, there are 77% men in the Turkish sample, and thus the characteristics of the women might be coincidental.

3.5 METHODOLOGY

I employ multilevel analysis in this study due to the characteristics of the data. I do my analyses on longitudinal data with individuals measured at multiple time points. Regular Ordinary Least Square (OLS) regression assumes independent observations when calculating coefficients, but with several observations per individual this assumptions is not fulfilled. Regular OLS would in this case underestimate the standard error, which could lead to invalid conclusions regarding the inferences of coefficients that account for variation in the dependent variable. Hence I employ General Least Square (GLS) on my data. GLS corrects for the repetition of observation within the individual by using a matrix weighted standard error. It weighs the variation within the observations with variation between observations to create reliable standard errors (Snijders & Bosker 1999:167). Thus, this method is the most reliable when analyzing panel data with multiple observation per individual observation.

The pattern of the observations is unsystematic, and the most common pattern is not many observations spread over many time periods per individual, but rather one observation per individual. This is followed by similar patterns, only at different time periods. Nonetheless, 87 % of the individuals have more than 10 observations. And with a total of individuals reaching 557,200, 87% makes a relative high number of observations. I take this pattern into consideration and that is the second reason for employing GLS model with Random Effects. Random Effect method compensate for unbalanced data. I have data with fixed occasions. This means that the individuals have

been measured at the same time. However, the data have missing on some individuals because not all individuals are present at every time point. This does not mean that they have to be excluded from the analyses. The irregularities of the time points between the individuals are accounted for because I employ the method of GLS Random Effect (Snijders & Bosker 1999:167).

3.6 SIGNIFICANCE

Are findings significant because they have a high z-score and low standard errors? The contentious relationship between statistically and substantial significance have been discussed for decades (McCloskey & Ziliak 1996; Ziliak & McCloskey 2004). Scholars conducting research on register data encounter a *significant* challenge—analyses might report a statistical significance, however, the finding might not have substantial relevance. As Ziliak and McCloskey (2004:544) projects: “No size, we should say, no significance.” Even though coefficients have high levels of statistical significance, the variable might not have any relevance. Statistical and substantial relevance do not always coincide. On the contrary, small effects get blown out of proportions due to a large number of observations, while smaller, but substantial, effects get discarded due to statistical tests. “Fit is not the same thing as scientific importance” (Ziliak & McCloskey 2004:528). Also, the significance might not lie in the difference in effect between coefficients, but rather the absolute level of them. Similarly, in addition to examining the variation within the immigrant population, I still have to consider their absolute positions relative to natives. When interpreting results, especially from large data set with many observations, the number of stars does not necessarily translate to a substantial and scientific value.

3.7 CONCLUDING REMARKS

In this chapter I present data and methodology of the study. The former part of the chapter introduced and described some of the variables used in the coming analyses. I have introduced descriptive analyses of the data and discussed its appearance. The data show that the individuals and groups in this study belong to a somewhat selected group. They differ from the population especially in regard to gender representation and educational level. This forces us to consider the particularity of the subjects of study

and consequently also the interpretation of the results. The following chapters will each test the hypotheses presented in chapter two.

CHAPTER FOUR: THE INDIVIDUAL CAREER TRAJECTORY

The rate of economic assimilation is measured by to which degree immigrants catch up to natives' earnings over time (Barth et al. 2002a; Chiswick 1978). The idea is that the immigrant-native gap will decline with time. However, career trajectories are also interesting subjects of study because they reflect social mobility. The pace of social mobility gives an impression of how challenging labor market integration is. Social mobility is a measurement of success, and can be used to demonstrate how useful, or futile, the system of immigrant integration is.

The individual earning profile is an indicator of possible promotions, seniority, and increased responsibility, and trust. It is reasonable to argue that an increased earning profile mirrors an increase in professional—and thus social—position. Both level of income and trajectory of profile are relevant when evaluating level of economic assimilation. For immigrants, the relative aspect of earning trajectories mirrors degree of economic assimilation, and the assimilation hypothesis suggests that immigrants will catch up to natives over time (Borjas 1992:123). Furthermore, it is reasonable to claim that economic assimilation facilitates broader societal integration because it triggers social incorporation and work as a second socialization factor. However, within a person's career a positive wage profile is anticipated due to expectations of increased income following seniority and experience. Hence, a positive trajectory does not necessarily translate to labor market success. But by comparing the different groups' trajectories we can say something about how well they do relative to each other. Especially, whether immigrants experience an economic assimilation relative to natives.

I compare immigrant groups of different origin with each other, but also with natives. To reflect upon a group's trajectory without consider its position relative to other groups does not give much information. Differences in trajectory can tell us something about processes internal to the labor market. Factors that affect career profiles can reflect potential discriminatory behavior or, on the other hand, results of difference in productivity. Also, we have to expect processes external and parallel to the labor market to influence career trajectories. Personal choices of family planning and such affect the curve of an actor's career profile. Comparing trajectories allow for a dynamic picture of relative positions

within the labor market. It is possible that the groups' relative positions are not static, but fluctuate and change throughout the career. I study the development along the line of residency and age. At the same time we need to consider the importance of macro-economic changes, and the effect of a fluctuating business cycle. A further analysis of this will take place in chapter six.

I discuss earning trajectories of immigrants of six Asian origins. I illustrate how they relate to each other, as well as their position in relation to natives. I examine this in relation to three hypotheses presented in chapter two. However, the objective of this chapter is to give a descriptive insight to the different groups' earning profiles. I will test hypotheses of how the groups differ from each other and how this might affect their earnings differently. I will investigate two areas where immigrants often differ from each other—status and residency. Additionally, I look at how immigrants are received and how this might affect their labor market outcomes. I will test hypotheses that target the immigrant population as a whole to see if the claims are valid across groups. Also, I have hypotheses that pose claims of differences within the immigrant population, and I will further investigate these.

The hypotheses I test are as follows:

- H6: Immigrants will improve their relative labor market outcome with increased residency, though not equally for all groups.
- H7: Groups will improve differently due to various degrees of stigma and discrimination.
- H5: Economic immigrants have a slower trajectory than political immigrants.

The assimilation hypothesis proposes that as immigrants increase residency and attain country specific human capital they get more productive and hence, improve their labor market outcome relative to natives. The hypothesis claims that as residency escalates, so will immigrants' income level, and the chasm to natives will consequently decline. Residency is important for immigrants' economic assimilation in more than one way. In addition to contributing to accumulation of country specific human capital, residency is usually correlated with social capital. Social capital can be determining for labor market access and performance. Also, as residency increases, naturally so does time. Drawing on

the idea of social integration we can assume that society transforms concurrently with immigrants' accommodation to host country. The reciprocal aspect of integration is likely to reflect in the effect of residency. However, it is possible that this process vary between groups.

Drawing on theory of signaling, increased residency will first, make it easier for immigrants to communicate their skills, and secondly; improve natives' conception of their qualifications. Increased residency will be positively correlated with skills of communication and signaling between natives and immigrants.

I will start by looking at how immigrant groups relate to natives, and how they do this differently. I study earning trajectory with age and compare profiles of natives, Pakistanis, Vietnamese, Turks, Sri Lankan, Filipinos, and Indians. Subsequently, I will address the importance of residency on income level with a discussion of the relative earning profiles within the immigrant population. I will address the possible importance of immigrant status and background on earning level. How does this differ between immigrant groups?

4.1 RELATIVE EARNING PROFILES

In this paragraph I look at relative earning profiles and how earnings depend upon age. I graph earning trajectories by age and compare the relative positions for the different groups between 25 and 45 years. Moreover, I show how immigrants are positioned relative to natives differently. Because immigrants have entered Norway at different ages, I find it interesting to see how their earning profiles develop through their careers. In the following paragraphs I will discuss the relative positioning of the groups in the income hierarchy. I have limited the model to only capture native Norwegians along with Philippine, Pakistani, Turkish, Vietnamese, Sri Lankan, and Indian immigrants. By limiting the study to six Asian groups I indirectly hold some variables about assumed difference constant. We know that among immigrants from Asian countries, Norway has received immigrants of economic as well as political status. With my analyses I will attempt to see if there is a big difference between immigrants of political and economic status, respectively. I present the table below.

Table 4.1: Earning Trajectories. GLS Random Effect Regression. Wage earnings relative to natives in percentages.

	Model 1	
	coef	se
Turkey	-0.191***	0.022
Pakistan	-0.241***	0.013
Sri Lanka	-0.241***	0.026
Philippines	-0.133***	0.026
India	-0.026	0.017
Vietnam	-0.222***	0.016
Female	-0.341***	0.003
Age from 25-45	0.004***	0.000
Age Increase Pakistan	-0.002***	0.001
Age Increase Turkey	0.003*	0.001
Age Increase Philippines	-0.003**	0.001
Age Increase Sri Lanka	-0.000	0.001
Age Increase India	-0.001	0.001
Age Increase Vietnam	0.000	0.001
_cons	9.580***	0.002

note: *** p<0.01, ** p<0.05, * p<0.1

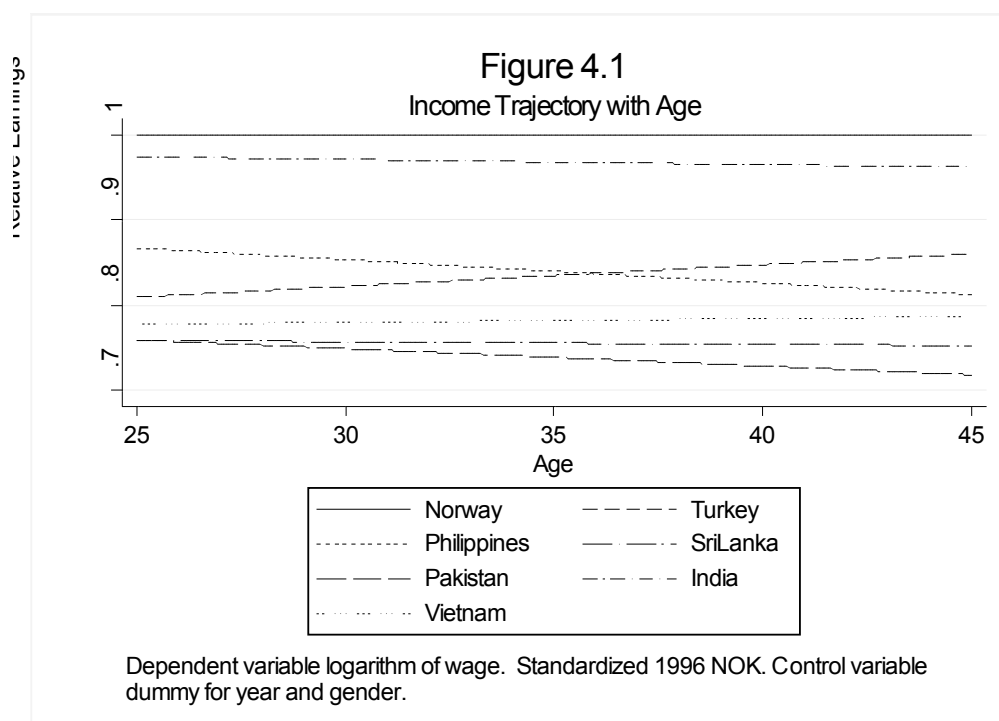
Note: Standardized 1996 NOK. Control variable dummy for year left out.

The coefficients for all origins are negative. However, the coefficient for Indian origin is not statistically significant, probably because it is not a substantial difference in income between natives and immigrants of Indian origin. A small standard error further supports the interpretation that the earnings of immigrants of Indian origin equal that of natives.

Among these immigrants we find individuals with different backgrounds and characteristics. This indicates that being an immigrant in this dataset, irrespective of origin or immigrant status, is disadvantageous on level of income, however less for immigrants of Indian origin. Even though most immigrants' earning level is below natives', their trajectory differ both from natives, and from each other. Some have a more positive trajectory, while others loose relative to the rest throughout their career. The coefficient for age is .004, meaning that income for natives increase .4% for every year they get older from 25 years. Immigrants from Philippines, Pakistan, and Turkey have the strongest interaction between origin and age, with a .27, .2, and .25 percentage points increase, respectively. While the coefficients for Philippine and Pakistani immigrants are negative,

Turkish origin has a positive effect on income increase. Indian, Sri Lankan, and Vietnamese immigrants differ little or nothing from the trajectories of natives.

In order to better illustrate the results I present them graphically. We know from table 4.1 that all groups have a positive trajectory. In the next figure I will look at the groups relative to each other. Moreover, I graph the trajectories relative to natives, where natives equal 1, and the other groups are graphed in relative position to them.



Two aspects of the relative earning profiles have to be pointed out; first; level of earnings, and secondly: trajectories. Immigrants of Indian origin have a nearly identical trajectory as natives, only 2.5 percent below. They start right below them, and do not move far away throughout their career. The rest of the groups start at a level much lower than Indian immigrants and natives, and make between 75 and 85 percent of natives' earnings. However, the trajectories differ somewhat, as illustrated in table 4.1. Pakistani and Sri Lankan immigrants are found at the bottom of the hierarchy. All immigrant groups are below natives' income level. How does this stay over time?

Immigrants of Turkish origin are the only ones with a steeper profile than natives. Their earnings increase at a faster rate than any other group, and end up earning nearly 90 per cent of natives'. Besides them, all immigrant groups are either parallel to natives or lose relative to them over time. The trajectory of Philippine immigrants is opposite of the Turks. They lose relatively throughout time, and there is a bigger discrepancy between them and natives at 45 than at 25. However, Pakistani immigrants are in the most unfortunate situation, and by 45 they make 70 percent of natives' earnings.

The difference in earnings throughout the period is not substantially big. Overall, we can say that the relative positioning between natives and immigrants stay constant. All groups are below natives, although some more than others. There is not much alteration in the relative positioning between the different immigrant groups either. Overall, the positions in the hierarchy are pretty cemented. Turkish immigrants make an exception with a steep profile, which put them closer to natives. I will examine whether the relative positioning between immigrants of different origin depends upon residency. For first generation immigrants it is more likely that residency, than age, affect their earnings.

4.2 RESIDENCY

From examining the effect of age on labor market outcomes and studying relative earnings between natives and immigrants and within the immigrant population, I move on to do an analysis of variation within the immigrant population. Residency is naturally correlated with age, and I will use this as time variable in the next model. Residency is a possible explanation for natives' precedence in the previous model. It is also possible that the reason for why Indian immigrants are found above the rest is due to long residence in Norway. Residency tells everything and nothing at the same time. Because it encompasses myriad processes and developments, and is correlated with so many aspects of societal changes, it does not have a clear interpretation. However, the same reason makes it an interesting line of comparison because the term covers so many aspects. As mentioned in the chapter's introduction, many confounding variables—like historical developments, changes in composition, policy-making, age, individual, cultural and social developments, etc.—are concealed by the use of residency.

The table below illustrates the relation between residency and income level. I present a table of three models of regression analyses. Model 1 examines differences in earnings between the six immigrant groups net of years since migration. I have also included a control for age and gender. Model 2 includes an additional control for interaction effect between origin and residency. The following model adds a control for squared effect of residency because we can assume the rate of earnings to be slower or faster depending upon years since migration. Also, following the theory of different trajectory between political and economic immigrants, I add a control for whether higher education is attained in country of origin and a control for age at immigration. I expect these aspects to affect earning trajectories.

Table 4.2: GLS Random Effect Regression Analysis With Residency. Effect of Residency on Income for immigrants of Pakistani, Turkish, Sri Lankan, Vietnamese, Indian, and Filipino origin. 1979-1996. Control for gender and age.

	Model 1	Model 2	Model 3
	coef	coef	coef
Female	-0.194***	-0.195***	-0.178***
Age from 25-45	0.003***	0.003***	0.001***
Philippines	-0.027	0.046	-0.013
Sri Lanka	-0.020	-0.076**	-0.034
Pakistan	-0.133***	-0.067**	-0.114***
India	0.066***	0.079***	0.095***
Vietnam	-0.045**	-0.041	-0.053
Residency	0.014***	0.016***	0.037***
Philippines Residency		-0.007***	-0.009*
Sri Lanka Residency		0.006***	-0.011*
Pakistan Residency		-0.006***	-0.004
India Residency		-0.001	-0.015***
Vietnam Residency		-0.000	0.001
Residency Squared			-0.001***
Residency Squared Pakistan			-0.000
Residency Squared Philippines			0.000
Residency Squared Sri Lanka			0.001***
Residency Squared Vietnam			-0.000
Residency Squared India			0.001***
Origin Attained Higher Education			0.147***
Age at Immigration			0.024***
Age at Immigration Squared			-0.000***
_cons	9.452***	9.416***	9.035***

note: *** p<0.01, ** p<0.05, * p<0.1

Note: Standardized 1996 NOK. Control variable dummy for year left out. Reference group is Turkish immigrants.

4.2.1 Variation within the immigrant population

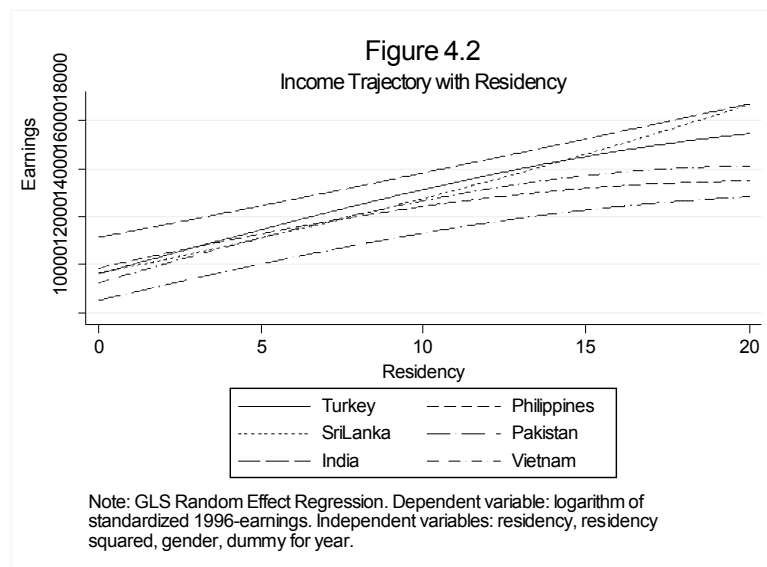
There is a great variety of background and characteristics within the group of non-western immigrants, and the separation of non-western from western immigrants is too simplistic. Due to different backgrounds and varying experiences with the Norwegian immigration system, immigrants meet the Norwegian labor market with various preconditions, and to cluster them together as non-western overlooks this diversity and oversimplify the within-group characteristics. Although there are some similarities between non-western immigrants, there are also a great number of differences. As we will see by investigating wage level between Asian nationals, the use of regional categories is not sufficient either. Why should economically immigrating Indians be more similar to refugees from Vietnam than workers from South Africa? Even within regions we see great diversity. Immigrants arriving at certain times also have different experiences due to time-specific characteristics of the receiving society, and this would necessarily effect their integration to society.

Below, I will explore the within-regional difference in income level and career prospects. I hold distance—geographical and cultural—constant by limiting the next model to six countries of Asian origin. With this limitation, the effects of immigrant status might be stronger because we hold constant other variables that might correlate with cultural and geographical distance. We can expect the groups analyzed here to be equally unfamiliar with the Norwegian society. While at the same time, they have arrived on different grounds and with different baggage and characteristics. Within geographical regions, we have immigrants arriving as both economic and political immigrants.

Model 1 demonstrates great variation in income level between the different groups, with India in the top of the hierarchy, and Pakistan with the lowest average income. Almost 20 percentage points differ top from bottom. The effect of residency comes out as positive .014. For every year extra since migration, earnings increase with 1.4 percent. We also see that the negative effect of women have decreased compared to table 4.1. This means that there is a bigger difference between men and women among natives, than among the individuals in the six groups in question.

Model 2 includes a control for a potential interaction effect between origin and residency. Hypothesis 7 suggests that not all groups have the same effect of residency. According to the results displayed in Model 2, the hypothesis is supported. However, the pattern does not follow the differentiation between political and economic immigrants—at least not for all groups. The coefficient for residency in model 2 refers to the effect of residency for Turkish immigrants. Immigrants of Philippine and Pakistani origin have a more negative effect of residency than Turkish immigrants, .7 and .6 percentage points respectively. Sri Lankan immigrants have the most positive coefficient—4.7% earning increase for every extra year of residency. Indian and Vietnamese immigrants, on the other hand, experience little or no effect of residency. Hence, Sri Lankan immigrants followed the assumed trajectory of political immigrants. The same is, on the other hand, not true for Vietnamese immigrants.

However, we can imagine the positive effect political immigrants experience should be more intense right after immigration. We can imagine that the rate of earnings depends upon years since migration. Hence, I introduce a control for squared effect of residency in the third model. For political immigrants we can expect the profile to be steeper at the beginning of their residence as this is when they accumulate most human capital. Later, the profile might level out as they have reached their peak of country specific human capital accumulation. However, the results do not support this assumption. The coefficients listed under model 3 illustrate a different pattern. For immigrants of Sri Lankan origin, the effect of residency is increasingly stronger, while Turkish immigrants have a steeper trajectory at the beginning of their residency. I graph the results from model 3 to better communicate the overall pattern.



One of the most evident, and also interesting, patterns in this graph is the increasingly widening of earnings after about 10 years of residency. For some groups, earnings increase at a faster rate after 10 years of residency. While for others, the rate of their earning profile slows down. The latter is true for Pakistani, Philippine, Vietnamese, and, to a lesser extent, Turkish immigrants. However, all groups experience a positive effect of years since migration in absolute measures, and none of them have a negative profile. What happens after 10 years residency? Is this a result of the process of integration or a result of societal changes? These questions will be further addressed in the discussion in chapter seven.

A different pattern, in addition to the widening of the wage hierarchy, is the shifting relationship between the groups throughout the period. Immigrants of Pakistani and Indian descent maintain bottom and top, respectively, throughout the period, while the groups in the middle shift relative positions. Hence, residency does not have an equally positive affect on income across groups. Immigrants from Sri Lanka have the steepest profile. Pakistani and Philippine immigrants, on the other hand, have a slow profile. Immigrants of Pakistani descent are also found at the bottom of the income hierarchy. Filipinos, on the other hand, start second to the top below Indian immigrants, but lose relative to the other groups over the years. After 20 years residency they are found second to bottom. Immigrants of Sri Lankan origin have an opposite trajectory. They start at the bottom of the hierarchy, and increase their earnings at a faster rate than any other group. After 20 years residency, they are at level with Indian immigrants. About 4,000 kroner in

monthly salary differ top from bottom after 20 years residency. The differences between the groups get more pronounced and dichotomized as residency increases. The gap between Pakistani and Indian immigrants, which equals the gap between bottom and top of the earning hierarchy, doubles over time—from 2,000 to 4,000 kroner.

According to Ehrenberg and Smith (2000) we should see a difference between political and economic immigrants where political immigrants experience a steeper income profile than economic immigrants. Even though the groups in this sample are somewhat diverse, we know that most Vietnamese immigrants arrived as refugees during and after the Vietnam War, while Indian immigrants have mostly arrived as economic immigrants. Nevertheless, according to these data there is no difference in trajectory between immigrants from India and Vietnam that suggest support for hypothesis 4. On the contrary, their profiles are practically parallel to each other at the start of their residency, but then the trajectory of Vietnamese immigrants lose relatives after a few years. Also, they differ greatly in level of income, and Vietnamese immigrants are found about 2,000 kroner below Indian in monthly salary at the start of their residency, and it increases throughout their career to 3,000 kroner after 20 years residency. Yet, if we compare immigrants from Sri Lanka with Indian immigrants—mostly economic immigrants as well—we see a trend in line with Ehrenberg and Smith's (2000) theory. We know that 3 out of 4 immigrants from Sri Lanka arrived as political refugees, and thus, the reason for their steep trajectory might be due to their immigrant status. Immigrants of Sri Lankan origin start below the level of Indian immigrants, but the gap between them get decreases with residency. Sri Lankan immigrants gain relatively with increased residency and have a much faster trajectory than Indian immigrants. After 20 years of residency immigrants of Sri Lankan origin have caught up with Indian immigrants. Furthermore, comparing Sri Lankan immigrants' trajectory with any of the other groups, we get support for hypothesis 4. Sri Lankan immigrants increase their earnings at a faster rate than all groups. However, their profile is steeper after 10 years of residency, than at the start of their stay, something not predicted according to this hypothesis. However, with such diverging trajectories between immigrants of similar status I doubt the applicability of this theory. The theory might hold in some cases, but this graph illustrates that it is not universal. Immigrants of Sri Lankan and Vietnamese origin have relatively positive outcomes. From descriptive statistics we see that the majority of them with higher education have professional degrees, 29/47 and 23/38

respectively. Is type of education important for trajectory? I control for higher educational attainment from origin country in model 3.

To differentiate between economic and political immigrants builds off an assumption that it is the non-educated political immigrants will have a steeper profile because they will invest in country specific human capital. By controlling for higher education from origin country I omit the possible confounding effect of political immigrants that already have higher education. However, this does little with the results. And we see that to have a higher educational degree previous to migration is beneficial on income level. I will come back to the discussion of return of education in chapter five. However, I will note that introducing this variable does little in altering the relationship between political and economic immigrants.

I control for age at immigration. The coefficient is positive 2.4, which means that for every year older than 0 at immigration, the immigrant increase earnings with 2.4%. Again, this is opposite from what one expect from population data on immigrants labor market outcome. By introducing squared effect of age at immigration I show that the development has a peak. Hence, the positive effect of being older at immigration is only true until a certain age. We can imagine the coefficient for age at immigration to be positive, due to the influx of professionals and experts. This stratum of economic immigrants tends to be older at immigration, and they usually earn more than political immigrants.

4.3 CONCLUDING REMARKS

With graphs and tables I have illustrated relative positioning in the earning hierarchy for the six immigrant groups in question and natives. First, figure 4.1 illustrates an increasing earning gap as individuals get older. Yet, I do not use residency as a control variable. Secondly, I have pointed to the importance of residency, which is positive for all groups, but varies between groups and over time. Hence, the results support both H6 and H7. Because we see some groups gain more from residency than others—Sri Lankan immigrants have a much steeper profile than Indian immigrants—we might expect an alteration in the results with the use of age because older individuals have higher residency. I have shown a difference in effect of residency across groups. However, the trends do not follow immigrants' status, and I do not find support for H4. I find groups of traditionally

economic immigrant, as well as groups of political immigrants, have similar trajectories independent of their immigrant status. There are two groups that stand out, one for its earning level, and the other for its trajectory. It is clear that immigrants of Indian origin make up a league of their own. Their income level and trajectory is practically identical to natives. On the other hand, immigrants of Sri Lankan origin have the most positive effect of years since migration, and after 20 years of residency they catch up to Indian immigrants. This would not be visible unless we tested for the powered effect of residency, because the positive effect Sri Lankan residency has on earnings accelerates after about 10 years in Norway. The opposite is true for Turkish immigrants. Their earnings increase rapidly in the beginning, but then levels out. Nonetheless, the earnings of Turkish immigrants are third to the top by the end of the period. However, this can reflect a stage in the process of integration or be a reaction to changes on societal level. Both possibilities will be discussed in chapter seven.

I will move on to further explain the different trajectories between the groups. Why are Pakistani immigrants found at the bottom on every figure? It seems as neither residency, nor age, has a very positive effect on their earnings. In the next chapter I investigate the importance of education. In the population Turkish and Pakistani immigrants are viewed as similar, and historically they possess the same characteristics. In these data, however, they have quite diverging labor market outcomes. I will examine whether education can explain some of this variation.

CHAPTER FIVE: THE IMPORTANCE OF EDUCATION?

Overall, immigrants from non-western countries in Norway earn less than the native population. There are characteristics of immigrants' labor market activity that contribute to these trends: immigrants' low level of education, poor employment rate, and tendency to work part time. This can be a result of poor performance, as well as negative evaluation. As for immigrants' educational attainment, we would expect it to be a complex matter due to challenges of country specific educational systems and educational portability. The previous chapter illustrated that all immigrant groups in this study are situated below natives in the wage hierarchy. However, there are great differences in level of income between the different immigrant groups. Chapter four demonstrated that while some immigrants approach natives' earnings throughout their careers, others lag behind and the income chasm expands over time. The groups have different experience with the effect of residency on earnings. In this chapter we will investigate whether this difference within the immigrant population and between immigrants and natives can be explained by return of educational attainment.

Because education is one of the main measurements of formal human capital and important for status in the labor market, I will elaborate on the importance of formal credentials and how the level and return of education might vary across groups. I look at similarities and differences between the selected groups, and compare their trajectories with each other's, as well as with natives.

As discussed in chapter two, formal education is important for status in the labor market. It is also important for both society and the individual to get the appropriate return according to level of education. Society should, to assure a maximum productivity, take advantage of the educational attainment of its population. At the same time, at an individual level, it is important to access positions according to your level of skill and knowledge. To be overqualified for your job, or to not be rewarded at equal levels with others, foster a feeling of inadequacy (Orupabo 2007).

In this chapter I am investigating the different groups' level of education and what affect that has on their income and trajectory. Because of challenges of portability of foreign education to the Norwegian labor market, we do expect a discrepancy in natives' and first generation immigrants' return of education. From descriptive statistics we remember that the immigrants in this dataset have a relatively high level of education. Still, we saw in chapter four that they are below natives in earnings. Do the groups experience equal return from education? Are immigrants as successful with higher education as natives? And at the same time, how do immigrants with low education perform compared to natives? I will test three of the hypotheses presented in chapter two, all of which relates to the connection between immigrant integration and education. The first hypothesis suggests a correlation between educational level and earnings. Does higher education lead to higher earnings for all groups?

Secondly, I will test the hypothesis about portability of foreign education. As discussed in chapter two there are reasons to believe that immigrants with foreign education have a harder time applying this to the Norwegian labor market, as has been illustrated through other studies. Due to the variation in country specific human capital immigrants with host-country education will perform better in the labor market. Consequently, the second hypothesis proposes that having a Norwegian attained education has a positive effect on immigrants' labor market outcomes.

Third, I propose that this effect will vary between groups. I suggest that groups with a lower average of higher education will gain more from host-country schooling, than groups with high levels of education. It is more likely that groups that possess a higher-level educational attainment gain from their origin-attained education and expertise.

The three hypotheses in question are as follows:

- H1: Education has a positive effect on earnings, though not similarly for all groups.
- H2: Norwegian education has a positive effect on earnings.
- H3: Host-country schooling is positive for groups with lower education.

First, I test whether the hypotheses and their related theories apply to these data. Secondly, I examine the universality of the assumptions. If they get support, do they apply equally across groups?

5.1 LEVEL OF EDUCATIONAL ATTAINMENT

Theory of human capital suggests that the investment in education will have positive effect on labor market outcome. Drawing on this theory, it is proposed that immigrants' poor labor market performance is explained by their low level of education relative to natives. Moreover, actors with similar level of education will be on income parity, irrespective of gender, ethnic, religious, or cultural characteristics. Below I present a table to illustrate that this is not the case in the dataset of this study. Immigrants with jobs in the white-collar sector of the private industry during the 1970's, 80's and 90's had on average higher educational attainment than natives. Yet, they did not experience the same occupational and financial return.

Table 5.1: Average educational level and average standardized earnings for the different groups.

	All		Men		Women	
Origin	Education	KPI wage	Education	KPI wage	Education	KPI wage
Norway	0.299	19,105	0.351	21,131	0.205	15,395
Sri Lanka	0.465	17,491	0.490	17,779	0.286	15,468
Turkey	0.387	18,549	0.362	18,539	0.482	18,587
Pakistan	0.212	15,422	0.217	15,674	0.155	12,022
Vietnam	0.381	15,782	0.396	16,525	0.333	13,434
Philippines	0.498	15,893	0.471	18,022	0.516	14,486
India	0.526	19,421	0.565	21,128	0.421	14,820

As the table illustrates, the only group that have an average income higher than natives is immigrants from India. On the flip side, the only group that has an average level of higher education *lower* than natives is immigrants from Pakistan. According to table

5.1 there is thus a discrepancy between education and income for immigrants, in comparison to natives. The reason for immigrants' low income relative to natives is not due to level of education. Rather, it might be explained by dissimilar return of education for natives and immigrants, respectively. There might, however, also be other possible explanations for this discrepancy. Groups might possess different higher educations—either in type or degree—or they might have the education obtained from different places. But, the table clearly points out that the immigrants from the biggest Asian groups that were hired in private industry as white-collar employees in this time period were actually registered with a higher percentage of higher education than natives. Yet, their average income is lower than that of natives. I will continue with an elaboration on the difference in compensation for education between the different immigrant groups and natives.

5.2 EQUAL COMPENSATION FOR EQUAL EDUCATION?

In table 5.2 I examine return of education. According to this table there are different effects on income for the different groups when controlling for education. Without looking at interaction between origin and education, the control for higher attained education results in increasingly negative coefficients for some groups, while others experience a positive effect. Yet others don't experience much of a change. Hence, education does not have a universally positive effect on income across groups. When I control for higher education, the income level for some groups drops because the positive effect of higher education is omitted from the coefficients, while for some groups the distance to natives' income level increases. Yet, for other groups the gap maintains the same level, net of educational attainment.

The coefficient for India gets increasingly negative after controlling for higher education in model 2. Immigrants of Indian origin have high education, and by omitting the positive effect education has on earnings, the coefficient declines. The opposite is true for Pakistani immigrants. This coefficient increases after introducing a control for higher education. This indicates one out of two possible scenarios. Either Pakistani immigrants experience a negative effect of education, or alternatively, there are few with higher education, and their position thus decrease relative to the others

after introducing the control. The coefficients for the other nationalities do not change dramatically from model 1 to model 2. Because the coefficients for the different national origin do not change simultaneously or in the same degree, we can expect an interaction between the effect of education and origin. I introduce a control to further explore this difference and I will elaborate on this below.

Table 5.2: Return of Education. GLS Random Effect Regression on logarithm of earnings. 25–45 years.

	Model 1	Model 2	Model 3
	coef	coef	coef
Female	-0.337***	-0.319***	-0.319***
Turkey	-0.185***	-0.180***	-0.203***
Philippines	-0.150***	-0.171***	-0.178***
Sri Lanka	-0.221***	-0.229***	-0.232***
Pakistan	-0.238***	-0.220***	-0.218***
India	-0.031*	-0.052***	-0.064***
Vietnam	-0.222***	-0.228***	-0.237***
Age from 25–45	0.018***	0.017***	0.017***
Age Increase Turkey	-0.001	-0.001	-0.003
Age Increase Philippines	-0.003	-0.003	-0.003
Age Increase Sri Lanka	-0.015***	-0.014***	-0.014***
Age Increase Pakistan	-0.004**	-0.004**	-0.004**
Age Increase India	-0.002	-0.002	-0.002
Age Increase Vietnam	-0.004	-0.004	-0.004
Age Increase Squared	-0.001***	-0.001***	-0.001***
Age Increase Turkey Sq	0.000	0.000	0.000
Age Increase Pakistani Sq.	0.000	0.000	0.000
Age Increase Philippines Sq;	0.000	0.000	0.000
Age Increase Sri Lanka Sq.	0.001***	0.001***	0.001***
Age Increase Vietnam Sq.	0.000	0.000	0.000
Age Increase India Sq.	0.000	0.000	0.000
Higher Education		0.134***	0.133***
Interaction Turkey Educ.			0.102***
Interaction Pakistan Educ.			-0.013
Interaction Philippines Educ.			0.020
Interaction Sri lanka Educ.			0.010
Interaction Vietnam Educ.			0.028
Interaction India Educ.			0.029
_cons	9.549***	9.514***	9.514***

note: *** p<0.01, ** p<0.05, * p<0.1

Note: Higher Education equals bachelor's degree or higher. Earnings are standardized according to 1996 level. Dummy for year left out of the table.

Along with the control for interaction between origin and education I control for gender. I am not elaborating on the effects and importance of gender. However, it is important to note that men and women in the data perform quite differently and that this difference varies with national origin. I include a control for gender in all models to leave out the effect gender has on income. This will skew the relative differences because the percentage women vary greatly between the groups, as do the effect gender has on income. If I don't control for gender, I might interpret changes as effects of education, when they are really to be applied to differences between men and women.

When controlling for the effect of education on each group's income in model 3, natives' income level stay the same, while the coefficients for the immigrant groups change—some more than others. For some groups the difference between natives and the immigrant groups are even starker when controlling for interaction between educational attainment and national origin. Rather than decreasing the gap between immigrants and natives, a control for education seems to contribute to a further differentiation between Pakistani immigrants and natives. Net of education, the gap between natives and Pakistanis expands, and even among individuals with high education, they still earn less than natives. Furthermore, they lose more relative to natives, and immigrants of Pakistani origin and natives on same level educationally do not get the same return for their education.

On the other hand, the other groups get great return for their education, even more so than natives. The remaining groups have an effect of higher education more positive than natives. The most prominent interaction is that of immigrants of Turkish descent. To the positive effect of having higher education, being of Turkish descent adds another 10 percentage points. Still, Turks are below natives' income level. Because this is a selected group of immigrants where the educational level is high, controlling for education does not limit the gap, but rather contribute to an increase in earning differences. Natives have a positive effect of higher education of 13 percent, while all immigrant groups, except Pakistani and Turkish, adds between 1 and 2.9 percentage points on this effect.

The interaction between Turkish origin and education adds another 10 percent. Hence, the difference in earnings between low- and high-educated Turks is vast. With this I show, not only variation within the immigrant population, but also within national groups. For Turks, having education pre-immigration is decisive for labor market outcomes. Furthermore, it shows that there are different types of immigrants of Turkish origin—some are better compensated than others.

The reason for immigrants' lower income is not due to low educational attainment. Rather, I have shown that in these data many immigrants have higher education, but still earn less. The only immigrants this is not true for are those of Pakistani origin, who lose in both education and earnings relative to the other groups and to natives. Pakistani immigrants are the only ones following the conventional understanding that controlling for education will limit the gap between immigrants and natives. Indian immigrants are the most fortunate with earnings only 6.6 percent below natives net of educational attainment. I have shown that immigrants do not experience equally positive effect of education as natives. Hence, there are other confounding variables than level of education that can explain the difference in income level. I will move on to consider origin of education as one of those factors.

As previously stated, it is assumed that having an educational degree—or parts of it—attained in host country has a positive effect on immigrants' economic assimilation. I will go on to test the importance of educational origin on income level. Immigrants have great return of education, but still lower income. Can this be explained due to challenges of educational portability? If we omit the assumed negative effect of foreign education it is more likely that immigrants' income level will close up to natives. I will test this hypothesis below.

5.3 HOST-COUNTRY SCHOOLING AND THE PORTABILITY OF HUMAN CAPITAL

Due to the assumed positive effect of Norwegian attained education on labor market assimilation I have created a control for whether immigrants took parts of or their whole degree after immigrating to Norway. The results are displayed below in table 5.3.

Model 1 is a regression on logarithm of standardized earnings controlled for residency and residency squared. I also control for higher education, and differentiate between bachelors (BA), masters (MA), and professional degrees. Of the three variations of higher education, MA is the most economically beneficial. A master's degree has the highest monetary return, followed by BA and professional degrees. There is however not much of a difference in compensation between a BA and professional degree. It is difficult to determine the causal direction—does a BA result in higher earnings than professional degrees, or do individuals with lower earnings attain professional degrees? Especially when considering immigrants, differentiation of higher educational degrees is confused by national differences in systems and attainment. Due to the difficulties of having foreign education recognized in Norway, we can expect there to be a certain process of selection to the group of individuals with registered foreign education.

In model 2 I control for whether immigrants have attained education before or after immigrating to Norway. The conventional assumption is that host-country education is positive compared to education from country of origin. However, model 2 reveals that this is not the case among these immigrants, most of whom have a negative effect of host-country schooling. There might be other confounding variables that correlate with attaining education after immigration. We can imagine people that are more likely to attain education after immigration are less prepared for the labor market. Other individuals might have educational degrees pre-migration and labor market experience from country of origin. A *treatment effect* would indicate that education change the individuals' preconditions and behavior in the labor market, make him or her a more valuable employee and consequently lead to an increase in income (Petersen, Penner & Høgsnes 2006:1). This is the common notion of the effect of host-country education. However, the results we get indicate that we measure a different process—we might see the results of a selection effect, more than a treatment effect. Norwegian education probably does not have a negative effect on earnings; rather, a process of selection results in immigrants with Norwegian education earning less. The individuals that possess Norwegian education are individuals that wouldn't do well in the labor market in the first place, while the individuals that experience a negative effect of host-country

education belong to a selected group that don't need Norwegian education to experience good labor market outcomes.

Table 5.3: Host Country Schooling. GLS Random Effect Regression on logarithm of standardized 1996 earnings with controls for gender, residency, age, and origin.

	Model 1	Model 2	
	All Levels of Education	All Levels of Education	Only Higher Education
	coef	coef	coef
Female	-0.186***	-0.187***	-0.189***
Age from 25-45	0.002***	0.002***	0.003***
Philippines	0.023	-0.138**	-0.299***
Sri Lanka	0.005	-0.122*	-0.325***
Pakistan	-0.099***	-0.263***	-0.442***
India	0.082**	-0.011	-0.105
Vietnam	-0.037	-0.187***	-0.343***
Residency	0.031***	0.033***	0.045***
Philippines Residency	-0.005	-0.007	-0.010
Sri Lanka Residency	-0.009	-0.010*	-0.004
Pakistan Residency	-0.001	-0.003	-0.012*
India Residency	-0.010**	-0.011**	-0.018***
Vietnam Residency	0.002	0.000	-0.010
Residency Squared	-0.000***	-0.000***	-0.001***
Residency Squared Pakistan	-0.000	-0.000	0.000
Residency Squared Philippines	-0.000	-0.000	-0.000
Residency Squared Sri Lanka	0.001**	0.001***	0.000
Residency Squared Vietnam	-0.000	-0.000	0.000
Residency Squared India	0.000**	0.000**	0.000*
Bachelor's Degree	0.156***	0.149***	-0.123***
Master's Degree	0.291***	0.275***	
Professional Degree	0.170***	0.174***	-0.117***
Norwegian Attained Educ.		-0.230***	-0.308***
Host educ. Pakistan		0.219***	0.331***
Host educ. Vietnam		0.202***	0.352***
Host educ. India		0.123**	0.229**
Host educ. Sri Lanka		0.165**	0.233**
Host educ. Philippines		0.215***	0.336***
_cons	9.353***	9.527***	9.880***

note: *** p<0.01, ** p<0.05, * p<0.1

Note: Reference group is Turkish immigrants. Norwegian education is calculated as education attained after immigration.

Turkish immigrants have the most negative effect of host-country education—followed by Indian, Sri Lankan, Vietnamese, Philippine, and Pakistani immigrants. The only group that experiences a positive effect of host-country schooling on earnings is immigrants of Pakistani origin. In the previous table, model 3 in table 5.2, we also observed that Pakistani immigrants had the lowest effect of higher education. Also, Filipinos do not have a different effect of host-country versus origin-country education. However, when controlling for origin of education, the coefficient for Philippine origin decreases with 12.6 percentage points. This is true for all groups. Taking away the negative effect of host-country schooling, the constant—Turkish coefficient—increases. However, because the effect of Norwegian education is not equally negative, or even positive, for the remaining groups, their relative position to Turks decline. Hence, they get increasingly negative coefficients.

Because we assume more differentiation among individuals with higher education, model 3 will focus on individuals with bachelor degree or higher. We have limited the analysis to a comparison between college graduates from our six selected national origins. It is reasonable to argue that there will be a bigger gap between natives and immigrants with college degrees from abroad than between those with only 12 years of schooling (*grunnskole*). Furthermore, positions with higher educational requirements are often more meritocratic and harder to attain with foreign education. Additionally, these positions are often more competitive.

Model 3 in table 5.3 illustrates level of income for the different immigrant groups with higher education, controlled for educational origin. First, the model reveals continuing differences between groups, even among those with similar level of education. The gap between university and college educated immigrants pertain even after controlling for origin of education. Thus, host country education does not have a universally positive effect on earnings. Second, the model demonstrates a grave difference between foreign attained educations. For Turkish, Sri Lankan and Indian immigrants, education attained before immigration has a positive effect on income level, and they do not experience a positive effect on income from obtaining host country education.

Moreover, individuals in these groups with higher education from country of origin earn more than those with education attained post-immigration. Foreign educated Turkish immigrants earn about 30 percent more than immigrants within the same group with host-country education. However, for Pakistani, Vietnamese, and Philippine immigrants the trend is opposite, and individuals with host-country education have higher earnings. I will elaborate on both these trends in the following.

Because some immigrants have a positive effect of foreign education, they experience a further widening of the gap to natives when controlling for educational origin. To a large extent, it is the immigrants that benefit from higher education that also experience a positive effect of origin country education. This indicates that these individuals belong to a higher stratum of the labor market. All in all, individuals that immigrated with education do better than those attaining higher education after immigration. For some groups, this correlates with national origin, but for others it relates to strata of a community.

For some groups, host country education has a positive effect on their income level. For immigrants that do not get good returns from their education, host-country human capital is beneficial. Immigrants of Pakistani, Philippine, and Vietnamese origin gain from attaining education in Norway after immigrating. There are bigger differences in trajectory among higher educated immigrants, net of educational origin.

Because we see such a diverse effect of host country education, it is reasonable to assume that it is not necessarily the education that affects income level, but rather processes of selection previous to educational attainment. To look at whether individuals ever took education in Norway or only in country of origin is a form of event history methodology that facilitates a discussion of selection effects. It is possible that the people not taking Norwegian education belong to a group that already have good preconditions to perform well in the labor market. While the immigrants that take host country education belong to a group that wouldn't do well in the labor market with or without education. One possible explanation is that Turkish and Indian immigrants are hired because of their education, as experts or alike. In this sense, their foreign

education strengthens their position in the labor market. This explanation is supported by the fact that these two groups have the highest income of all the immigrant groups in this study.

5.4 CONCLUDING REMARKS AND FURTHER ANALYSIS

In this chapter I have tested three hypotheses on the relationship between education, earnings, and immigrants. First, we see that in this dataset there is a higher percentage immigrants registered with higher education than it is for natives. Yet, immigrants, on average, earn less than natives. However, we have also demonstrated the great variation we find within the immigrant population. Even though this is true for the majority of the groups we look at, there are exceptions. Immigrants of Indian descent have a high level of education, but similarly a high level of income. On the opposite side we find Pakistani immigrants—they have the lowest level of education of the groups we look at, and also the lowest average of income. We have seen that the immigrant groups do not get similar return for education as each other, nor as natives. Hence, both H1 and H3 are only partly supported. Similarly, origin country education has a positive influence on income for some groups, yet others have a higher income with host country education. I consequently find partly support for H2. All in all, the findings reflect a great variation within the immigrant population, even groups that in the population are considered similar, like Pakistani and Turkish immigrants. In order to explain this variation we turn to processes of selection within the community of each immigrant group. Because the selection process might be different for the different groups, the groups in this material might differ from those in the population. We find that groups that are similar in the population have diverging characteristics in this dataset. Can evaluation and reception explain why some groups have higher outcomes than others? We can imagine there to be a more positive stigma attached to Indian engineers than Philippine secretaries—how much of the difference can we apply to discrimination? I will discuss some of these aspects in chapter seven.

In the following chapter I move on to discuss group size and how this can affect labor market outcome among immigrants. I look at how relative presence of immigrants on firm level affects their labor market outcome. In extension, I also examine whether the

presence of immigrants affect the income level for all employees, immigrants as well as natives. There are reasons to believe that perceptions and stereotypes will change with time. As time goes by, composition and characteristics of society changes, and with that so does people's perceptions of other groups. In the next chapter, I look at how groups' outcomes change over the period of these 17 years.

CHAPTER SIX: SIZE MATTERS

In this chapter I will test hypotheses of assumed importance of group size. Immigrants' labor market outcomes can be a result of performance and production, as well as evaluation and differential treatment. Chapter five dealt with characteristics of the immigrants, in general, and the questionable importance of education, more specifically. As illustrated in the previous chapter, there are great differences within the immigrant population regarding use and return of education. First, the groups have varying levels of education, and secondly, there are great variation in return of education—both origin- and host-country attained. This chapter will investigate how immigrant-native interaction can affect immigrants' labor market outcomes. And do the different groups experience different affect of increased contact with natives? I especially focus on relative size and presence. Drawing on theories of ethnic competition, tipping point, contact, and social networks, I test how composition in firms affects immigrants and natives outcomes.

The argumentation behind using relative size in firms draws on theories of statistical discrimination. In theories of this kind, similarities overshadow differences. Stereotypes and prejudice is commonly targeted immigrants as a whole. Their *difference* from natives is highlighted, while the various groups' *particularities* are downplayed. Drawing on this mindset, natives would not differentiate within the immigrant population, but rather define them according to their *difference*. Natives' negative resentment towards immigrants would be a reflection of a native-immigrant differentiation.

When studying immigrants' performance and outcome in the labor market it is important to consider how characteristics on group level affect the individual. One of the challenges of categorization, is the contentious relationship between individual and group characteristics, and how individuality tend to be forfeited in the process towards stronger group collectiveness. In order to categorize on group level, variation is downplayed, while similarity is enhanced. Discrimination occurs when people act upon

their (negative) perceptions of members of a certain group. Group characteristics completely overshadow individual variation.

Drawing on contact theory, theories of group position, ethnic competition, tipping point, and social capital I have proposed hypotheses on how size matters for immigrant's labor market outcomes below.

Argued for by theory of ethnic competition and tipping point, I propose the following hypotheses:

H8: Bigger groups will have a poorer labor market outcome than smaller groups.

However, on the contrary, drawing on theories of social capital and networking the next hypothesis suggests the opposite:

H10: Group size is positively correlated with labor market outcome.

The third hypothesis, supported by contact theory, claims:

H9: Interaction between minority and majority is positive for immigrants' outcomes.

Interaction with other groups, and the frequency of these encounters, is likely to affect an individual's perception and attitude towards members of the groups in question. Inter-group encounters occur in different spheres and areas of everyday life—residence, work, leisure, etc. I will investigate how group size and, in extent, frequency of encounters between members of different groups, on firm level affect labor market outcome. As an extension to the listed hypotheses I propose that:

- Immigrants' labor market outcome will suffer if working in firms with a relatively high percentage of immigrants (H8).

Consequently, drawing upon contact theory and theory of social networking, the next hypothesis will propose the opposite scenario.

- Immigrants will profit from working in firms with a large immigrant percentage (H9 and H10).

I will elaborate on the different perspectives in the discussion of the findings in chapter seven.

I will also look at group size on a macro-historical level. The size of immigrant groups—both in population and in these data—has changed throughout time. The immigrant groups have become increasingly bigger, and immigrants have a continuously bigger presence in society. I will look at how earnings develop over time. At the same time the Norwegian economy, and society in general, have undergone great ups and downs. I examine the support of my fifth hypothesis:

H5: Positions in the hierarchy will fluctuate over time.

6.1 GROUP SIZE AND DISCRIMINATION:

As discussed in chapter two, I expect immigrants of a certain size to be more discriminated against than smaller groups. This assumption draws on competition theory, which claims that the presence of a minority, understood as an out-group, will have negative effect on the majority populations' attitude towards the minority. It also tests assumptions on theory of *tipping point* by looking at relative presence of immigrants on firm level, and look at the importance of immigrant percentage in a smaller setting. The results are presented in the following table.

Table 6.1: GLS Random Effect Regression on logarithm of standardized 1996 earnings. Separate analysis on firms with majority native and majority immigrants.

	a) Native Majority		b) Immigrant Majority	
	coef	se	coef	se
Pakistan	-0.195***	0.016	-0.208***	0.022
Sri Lanka	-0.196***	0.029	-0.327***	0.057
India	0.028	0.020	-0.059**	0.030
Turkey	-0.126***	0.027	-0.195***	0.035
Philippines	-0.117***	0.028	-0.120**	0.051
Vietnam	-0.197***	0.018	-0.191***	0.030
Female	-0.344***	0.003	-0.241***	0.017
Age from 25-45	0.004***	0.000	0.006***	0.001
Age Increase Pakistan	-0.002***	0.001	-0.003**	0.002
Age Increase Sri Lanka	-0.001	0.001	0.008	0.006
Age Increase India	-0.001	0.001	-0.001	0.002
Age Increase Philippines	-0.003**	0.001	-0.002	0.004
Age Increase Vietnam	-0.000	0.001	0.003	0.003
Age Increase Turkey	0.002*	0.001	0.007*	0.004
Number of Employees	0.000***	0.000	-0.001***	0.000
_cons	9.580***	0.002	9.552***	0.020

note: *** p<0.01, ** p<0.05, * p<0.1

The table shows that both level and trajectory change from a to b. Hence, the relative positioning in the earning hierarchy is different for employees in firms with over and under 50% immigrants. In firms with less than 50% immigrants, natives and immigrants from India dominates on a level above the rest of the groups. Indian immigrants have almost 3 percent higher earnings than natives. Immigrants from Sri Lanka, Vietnam, and Pakistan, on the other hand, have earnings 20 percent below natives. Immigrants from Turkey and Philippines make about 8 percent more than that, but still 12 percent below natives. Immigrants of all origins, except Indians, are found below natives. However, there is variation between them. Does this pattern prevail over time? How does age affect the earnings of the different group?

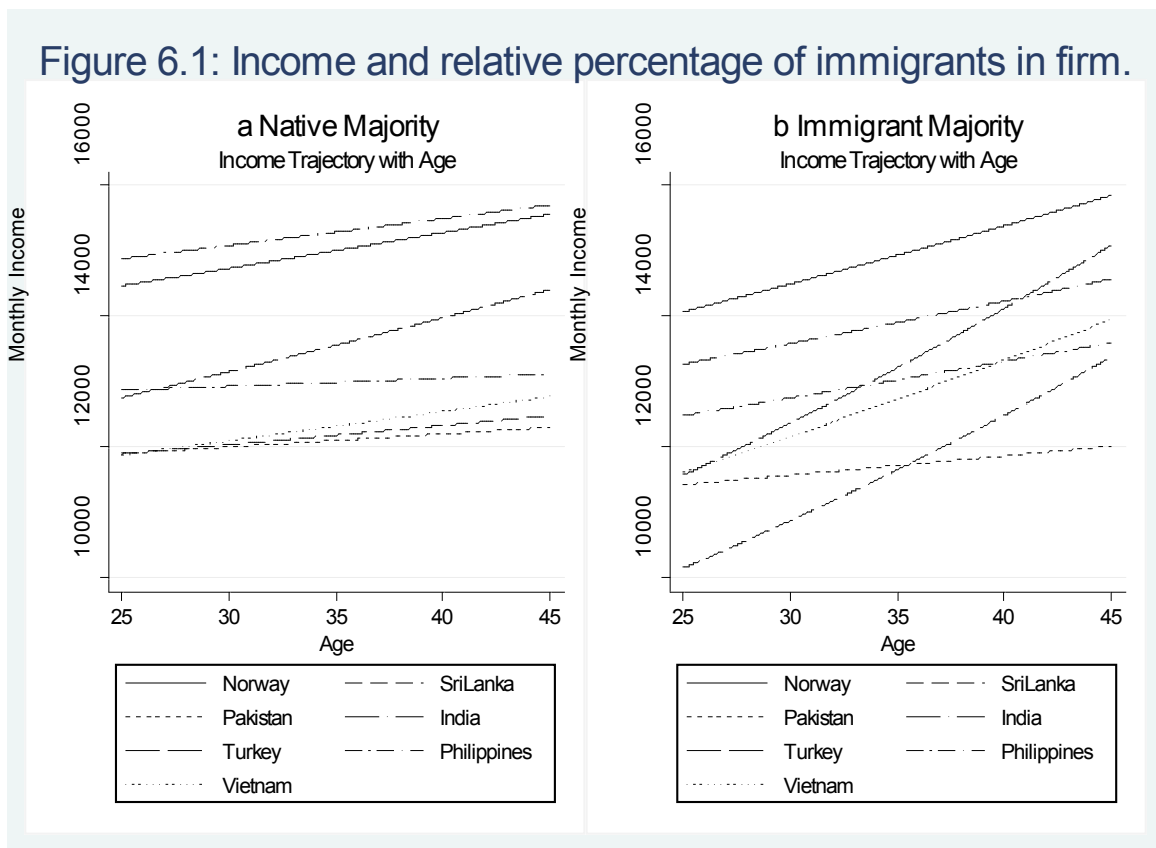
All groups, except Turkish immigrants, have negative or no effect of age, relative to natives. This means that natives' superior position not just persists, but they even gain precedence with time. For Turkish immigrants, on the other hand, the discrepancy to

native declines with .24 percent every year they get older. There is not much differentiation in trajectory between the immigrant groups. They are found at different levels below natives, and keep that position over time. The exceptions are immigrants from India and Turkey, who have higher earnings and steeper trajectories, respectively, than natives and the other immigrant groups. The remaining groups are clustered together 10-20 percent below natives, and they stay here throughout their career. Immigrants of Pakistani, Sri Lanka, Philippine, and Vietnamese origin make up a secondary segment in earning hierarchy, and experience little or no improvement over time.

Table 6.1 b includes individuals who work in firms with an immigrant majority. The distribution of earnings is a lot wider among these individuals. Some lose more than others, but for Vietnamese immigrants, working in companies with more immigrants is, however minor, more beneficial for level of earnings at the start of their career. Immigrants of Indian origin, however, working in firms with relatively large part immigrants, start out with making less than those working in predominantly native firms. Additionally, they have a slower trajectory and thus stay below over time. Yet, for the rest of the groups, working in firms with more immigrants than natives is positive for their trajectory. In fact, natives in these firms also have a more positive trajectory, and by age 45 they have reached the level of those working in predominantly native firms. We see that immigrants in firms with an immigrant majority have an overall better labor market outcome than those in firms with mostly natives. This claim is especially supported by the rate of their trajectory. Thus, the hypothesis following competition theory is not supported in these data. However, the negative effect of frequency of encounters might be more determining in the population. Once immigrants get access to the labor market they have passed that obstacle. Furthermore, drawing on contact theory we can imagine immigrants benefit from more frequent encounters with natives in the firm, contributing to greater knowledge and familiarity between majority and minority. But does this affect immigrants differently depending upon origin? Below I graph the findings to give a better understanding of the different groups trajectories in firms with majority being native, versus firms with majority being immigrant.

6.2 INTER-GROUP INTERACTION

Two patterns are important to take note of in figure 6.1. First, income is much more evenly distributed between the groups in the second graph. The gap between top and bottom is still big, but the income distribution is less dichotomized between natives and immigrants. Secondly, overall the income level is more compressed at the end of the second graph than in the first. The pattern is opposite in the two graphs. In companies with a majority of immigrants, earnings get increasingly more compressed as years go by. Contact theory claims that as natives and immigrants interact aspects of unfamiliarity and xenophobia, as well as stereotypical assumptions, will decline. On firm level, we can imagine that native and immigrant employers get better along, and that native employees have a greater understanding for immigrants, as time goes by. The consequence is that immigrant's labor market outcome improves throughout the career. The second graph in figure 6.1 illustrates this point.



The trajectories of Sri Lankan and Turkish immigrants give most support to this theory. Their careers profiles are steeper than any others, and they improve their relative positioning in the hierarchy over the years. Immigrants of Turkish origin almost catch up to natives by the time they're 45. However, they do well in firms with immigrant minority as well. Sri Lankan immigrants start lower in fig 6.1 b, but have a much steeper trajectory and end at a higher level of earnings.

Indian immigrants have an almost parallel trajectory in the two graphs; however at a lower level in figure 6.1 b. Indian immigrants in native-majority firms have higher earnings than natives, while their peers in immigrant-majority firms earn about 1,000 kroner less than natives, and the distance increases with age. Their earnings are even exceeded by Turks' at the end. The rest of the groups (except Pakistani), however, have higher earnings and steeper trajectories in firms with immigrant majority. Another interesting trend is the trajectories of natives. Although they start a lower level than their peers in native-majority firms, their trajectory is much steeper and they end at a higher level of earnings. Also, their precedence over the immigrants is less noteworthy in fig 6.1 b. The trajectory of Pakistani immigrants is very similar in the two graphs. They're even found at a lower level in the second figure, with a slower trajectory, quite opposite of the rest of the groups.

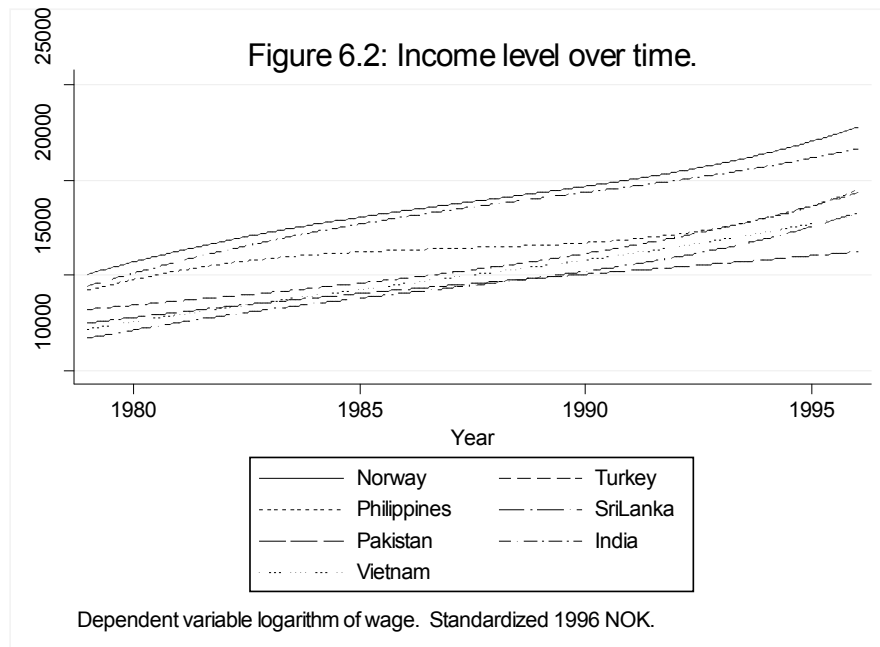
We have definitely seen variation in earning trajectories between immigrant groups of Asian origin. In the previous figure I illustrated how this also vary by firm and immigrant presence in firms. This affects natives' absolute and relative position vis-à-vis immigrants, as well as shifts around the positions within the immigrant population. I will continue with a macro-level analysis of earning levels over time. How does positioning in the earning hierarchy change over time? Instead of looking at earnings within a person's career, I graph how the earnings of the groups change over time. This allows me to evaluate the importance of destination and macro-economic influences.

6.3 CHANGES OVER TIME

Indirectly, changes over time can tell us something about importance of group size and interaction between majority and minority. We know that the percentage immigrants—

both in the population and in the data—increase with time. By graphing the different groups' earnings with years, I get a macro overview over how the groups position to each other from 1979 to 1996. Even though time is correlated with both age and residency, I find it an interesting addition because it demonstrates the development from group perspective.

A description of the earning profile of the different immigrant groups illustrates how the relative wage difference develops across years. The income is standardized to 1996 NOK, thus difference in pay between years due to year specific monetary value is eliminated. Figure 6.2 illustrates a continuing difference between immigrants and natives from 1979 to 1996. Moreover, it demonstrates that the relative difference is stable across years. From a macro perspective this proposes something about society at large and how distribution of income is stratified along lines of immigrant background. The stability of the results does not reflect the development within an individual's career. However, it paints a picture of how immigrant groups' outcomes change over time. Moreover, it shows an unequal distribution of income that is constant across years. The hypothesis suggests that as immigrants are increasingly present in society, and as their group residency increases, so will their labor market participation and outcomes. I present the graph and findings below.



Natives are found at top of the hierarchy throughout the period, but with Indian immigrants within close proximity. We can observe an effect of the macro economic changes, especially the slump in the economy in the late 1980's. However, again, the Indian immigrants seem to be less affected. Among the other groups we observe a compression and negative effect around 1985. After this they increase their earnings slowly and parallel through the latter half of the 1980's, with a subsequent dispersion of earnings after this. Sri Lankan, Vietnamese, and Turkish immigrants seem to have a more positive curve following the downturn than many of the other groups. The curve of Pakistani immigrants, on the other hand, levels out.

The relative positioning of the groups does change over time, but not very significantly so. Natives keep their superior position, and their precedence even increases throughout the period. The earning gap between natives and immigrants is bigger in 1996 than it was in 1979. Also, the gap between top and bottom within the immigrant population has increased. Overall, the distribution of earnings is wider later in the period. However, it seems to be a change towards the end of the period, where all groups experience an increase. Among the immigrant groups we see some fluctuation in positions over time. However, the three groups on top keep their positions, and the

three bottom groups stay on bottom, only their positions are shifted. By 1996, all groups increase their earnings rather rapidly.

Figure 6.2, together with figure 4.1, reflect a somewhat stable discrepancy between natives and immigrants. However, within the *immigrant segment* we see a shift over time. Also, as earnings for natives increase with time, so does most of the immigrants'. This varies greatly between origin, and the outlook for immigrants of Pakistani origin is rather grim.

6.4 CONCLUDING REMARKS

In this chapter I have examined the validity of four hypotheses. My analyses illustrates that the effect of group size and majority-minority contact vary between groups. However, there is a more pronounced gap between natives and immigrants in firms with a native majority. All immigrant groups, except Indian immigrants, are found at a level below natives. Also, there is less variation between the different groups. In firms with an immigrant majority there is more variation between the immigrant groups and less of a native-immigrant dichotomy. Given that relative presence in firms reflects immigrant-native interaction, I do not find support for H8. On the contrary, I find that, over time, immigrants are better off in firms with a greater immigrant percentage, and thus, conclude with support for H9 and H10. However, the results are not absolute and universal. Immigrants of Pakistani origin do not gain from working in firms with immigrant majority, but on the contrary, experience equally poor outcomes. On the other hand, Indian immigrants have better outcomes in firms with a native majority.

Over time, the relative positions of the different immigrant groups are somewhat altered. The top and bottom stay constant, but the positions in between shift over the years. The relationship between immigrants, on the one hand, and natives, on the other, does not get altered much. I get partly support for H5. Natives keep their precedence over time, even though Indian immigrants close up on them. However, by the end of the period, all groups' earnings (again, except Pakistanis') increase rapidly. Even though the groups of immigrants do not catch up to natives, their earnings do increase by time. Is this a result of the Norwegian society being increasingly multicultural and

consequently more welcoming towards immigrants? Why does this result in different outcomes between groups?

In the following chapter I will discuss the findings presented in the previous three chapters.

CHAPTER SEVEN: DISCUSSIONS AND REFLECTIONS

What explains the variation within the immigrant population, and the difference between immigrants and natives? This chapter has two parts. The first part targets the empirical aspect of the study and presents and discusses the findings. I start by presenting the hypotheses I proposed in chapter two, along with what my findings suggest. Are the hypotheses supported or not? I will then move on to discuss the findings using the theoretical framework presented in chapter two. The second part of the chapter relates to the theoretical aspect and presents the broader implications of the study. What are the theoretical and empirical consequences of the study? I will especially address implications for categorization and reflections around the process of integration. Finally I will make some reflections around policy-making and future research.

7.1 HYPOTHESES AND FINDINGS

In table 7.1 I list the hypotheses as they were presented in chapter two. I repeat the findings by reporting whether the hypotheses were supported or not. The last column lists whether the results support the assumption of variation between groups. As illustrated, all my findings suggest variation within the immigrant population. The hypotheses that suggest similarity within the immigrant population are either falsified, or only supported for some groups, while the hypotheses that suggest variation are supported.

Table 7.1: Hypotheses. Listing of support in the data and support of variation between groups.

	Claim	Support	Suggests Variation	
ORIGIN	H1 Higher education has a positive effect on earnings, though not similarly for all groups.	Yes	Yes	-
	H2 Norwegian attained education will have a positive effect on labor market outcomes.	Partly	Yes	-
	H3 Host-country schooling is more positive for groups with lower education.	Partly	Yes	-
DESTINATION	H4 Political immigrants have a steeper earning profile than immigrants arriving as economic immigrants.	No	Yes	-
	H5 Positions within the earning hierarchy will fluctuate over time.	Partly	Yes	-
	H6 Immigrants will improve their relative labor market outcome with increased residency.	Yes	Yes	-
	H7 Groups will improve differently due to various degrees of stigma and discrimination	Yes	Yes	-
	H8 Big groups are more discriminated against and will do poorly in the labor market compared to smaller groups.	No	Yes	-
COMMUNITY	H9 Interaction between minority and majority is positive for immigrants' outcomes.	Partly	Yes	-
	H10 Bigger groups perform better than smaller groups due to the available social capital offered through membership in a certain group.	Partly	Yes	-

My first empirical chapter, chapter four, was mostly a descriptive chapter of career trajectories and earning levels. The findings did not support an assumed correlation between immigrant status and trajectory. I tested two hypotheses. Hypothesis 4, which claims that political immigrants have a steeper profile than economic immigrants, was not supported in the data. I found great variation within, as well as between, groups of different status. In the following paragraph I tested H6. The hypothesis claims that residency has a positive effect on earnings. I found support for this hypothesis, as well as hypothesis 7. However, by adding a powered variable of residency I got results that claimed variation of the effect of residency not just between individuals, but also within a person's career.

In chapter five I tested three hypotheses—H1, H2, and H3—and found great variation in effect of education of earnings. First, I tested the common assumption of immigrants' educational level and its correlation with earnings. I found that most immigrant groups have a higher level of education than natives, however, their earnings do not match their education, and they have a lower average of earnings than natives. All groups have a positive effect of higher education, but not equally so. I found support for H1, but with variation between the groups. The second hypothesis relates to origin of education and claims that host-country education is positively correlated with earnings. I found that education from host-country is beneficial for some groups, but not universally, hence I only got partly support for the hypothesis. Drawing from the previous hypothesis, H3 suggests that host-country schooling is more positive for groups with lower education. This hypothesis was supported for some groups, but did not, as the previous hypothesis, apply universally across groups.

In chapter six I tested three hypotheses on the importance of relative presence and group size for labor market outcome. According to my findings, firm composition does not have a universal effect of earnings. I tested H8 on firm level. The hypothesis claims that natives have a negative perception of immigrants that is fueled by increased immigrant-native contact. By looking at earning trajectories for individuals working in firms with native majority versus firms with immigrant majority I found a shifting support for the hypothesis depending upon age. At the beginning of the career (age 25)

working in native-majority firms pays off. However, trajectories of the individuals working in immigrant majority firms are steeper, and they catch up to the others by age 45. For some groups their earnings even end at a higher level. The figures indicate that increased contact between groups have a positive effect on immigrants' outcomes, hence H9 is supported. I also found support for hypothesis 10, which claims that immigrants' relative size is positively correlated with labor market outcomes, for some groups. The final hypothesis, H5, claims that positions in the earning hierarchy will shift over time. I found stable patterns for some groups, while others fluctuate across time. The overall difference between majority and minority groups stay constant, but the positions within the minority population change. Hence, I found partly support for hypothesis 5.

My findings can be sorted into two areas. First, I found great variation between immigrant groups of different origin. This might be a result of different performance and productivity or differential treatment. We can imagine groups of different origin to have varying preconditions and thus end up with varying levels of productivity. However, different outcomes might also be a result of differential treatment between the groups, where some are preferred, while others are more discriminated against. Also, different groups might draw on varying levels of resources due to the size and characteristics of their community.

Second, my findings show that despite the variation, with very few exceptions do immigrants' earnings exceed natives'. I found a discrepancy between natives, on the one hand, and immigrants, on the other. Again, we might see this as a result of different treatment or performance. However, in the discussion of treatment versus performance, it seems as if none of the immigrant groups can perform well enough to catch up to natives. Is this still a result of low productivity? I will explain both areas of findings using the theoretical tool of origin, community, and destination effects.

7.2 ORIGIN EFFECTS

How much of the observed variation can be applied to differences in characteristics due to group specific origin? Even though I found different outcomes depending upon origin, whether this variation is applicable to origin effects in particular is uncertain. A

characteristic like educational attainment is clearly not sufficient to explain this variation. Neither is the differentiation between political and economic immigrants. However, there are other aspects of origin that affect both performance and evaluation of labor market activity.

7.2.1 The Unimportance of Status

I did not find the differentiation between economic and political immigrants reflected in labor market outcomes. I found no systematic differences between immigrants of political versus economic status, but just as much variation within those categories as between. There are other factors of differentiation that affect labor market performance, and that do not necessarily correlate with immigrant status. First, anticipation of length of stay is likely to affect labor market performance. Whether the immigrant—political or economic—is staying temporarily or permanently, will naturally affect willingness for integration. Why struggle to integrate if your residence is only temporary? Length of residency might be opposite of what Ehrenberg and Smith (2000) suggest. Political immigrants might not consider their host country a permanent residence, but rather wait for the possibility of returning, and consequence do not see the need to accumulate Norwegian human capital—neither formal, nor informal. The process of integration is demanding and reciprocal. Society cannot integrate immigrants without them being inclined to participate. The integration process involves rights being offered immigrants, as well as duties placed upon them. Hence, a process of integration cannot endure if immigrants are not willing to partake. This aspect is further complicated because immigrants—especially refugees—do not know the length of their stay.

Secondly, however, even though integration of political immigrants might depend upon length of stay—or the anticipation thereof—the case might be different for economic immigrants. A political immigrant waiting to return to country of origin has less incentive to invest in country of destination. Even with equal length of residency, the motives of a political versus economic immigrant are different. Economic immigrants that are in host country for a limited period do not necessarily have trouble assimilating economically. On the contrary—relative wage differences might be their biggest

motivation, and to exceed earnings in home country is an important pull factor. In fact, monetary accumulation and labor market performance might be the purpose of the stay. In this case, economic immigrants will have more of an incentive to perform and accumulate earnings. A political immigrant awaiting answer for an application for asylum will, on the other hand, have limited, if not closed, access to the labor market. This is also correlated with point of reference—is it home country, co-migrants, or natives?

Finally, who emigrates is also decisive for labor market performance in host country. What characterizes the individuals that leave have great implications for how they will do in country of destination, and it does not necessarily correlate with immigrant status. For immigrants that are forced to emigrate the less resourceful are more likely to leave. When political or economic upheaval hits, the educated and resourceful citizens are more likely to accommodate to the situation. The poor and less resourceful are more likely to being forced to leave. This adds another level of challenge to economic assimilation of political immigrants. The opposite scenario might be true for economic immigrants. Educated and resourceful individuals are more likely to leave by choice as economic immigrants. And this again can cause a so-called *brain-drain* in country of origin. Consequently, we can assume the economic immigrants to have a more positive trajectory because they are better equipped to accumulate country specific human capital. Formal credentials from country of origin will necessarily affect labor market outcomes in host country.

Higher educated individuals in general have higher labor market outcomes than individuals without higher education. Despite the challenge of educational portability, individuals with higher education are likely to belong to a more resourceful selection of the population. The same reason that made these individuals attain higher education might facilitate their economic assimilation in country of reception. However, educational portability is a challenge to labor market integration because formal credentials might not translate to economic success in host country. I will discuss the relationship between origin-country versus host-country education below.

7.2.2 Educational Sorting

Higher education is positively correlated with economic assimilation. However, foreign education is not as easily translated into economic success as education attained in country of work. This is true for natives, as well as immigrants, and is related to specifics of the particular educational systems, as well as benefits of social networks created while studying. I found that what immigrants bring with them depends upon origin, but more importantly, how they are compensated varies between groups. For some, the formal credentials they bring assure them high earnings in Norway. For others, what they bring in educational attainment does not have a positive effect on their earnings. I have found the effect of host-country versus origin-country education to vary depending upon group affiliation, and host-country education is not universally positive across groups.

This has two different interpretations. First, it can mean that education attained in Norway has a negative effect on income level. This would indicate that immigrants that accumulate Norwegian education experience a consequent drop in earnings. However possible, this scenario is not very likely. It is hard to imagine that education attained in Norway contributes to a decline in earnings. The alternative interpretation suggests that the individuals that attain host-country education belong to a group that earns less than those with origin-country earnings. Norwegian attained education is considered a selection effect, in contrast to treatment effect. Usually the control for host-country education points to what immigrants gain from attaining education after immigration, and thus, how host-country education *treat* people to get higher compensations. However, with the alternative interpretation, the effect of host-country education reflect a sorting process because the individuals that attain education after immigration belong to a selected group of individuals that don't have the best labor market outcomes—with or without Norwegian attained education.

The selection effect can draw from two different areas—from country of origin or from community. Immigrants of certain national origins are more likely to receive greater returns from their origin-attained education than others. This also reflects how educations from certain origins are higher valued than others. This might be a rational

and reasonable differentiation (Indian engineer versus Philippine nurse), but it illustrates the complexity of immigration. Status is not necessarily the most decisive factor. The second process of selection is from community. Groups that we know are similar in the population—Turkish and Pakistani—get different effects of host-country schooling in these data. The selection of individuals to these positions occurs differently depending upon community, which again point to differences in processes between groups. Instead of host-country education to have a positive or negative effect on earnings, we assume that this discrepancy points to a difference in selection from community.

At the same time, it is possible that not all types of human capital are equally valued. Although Orupabo (2007) acknowledges the advantage of human capital theory to identify credentials as factors of differentiation, she is skeptical to scholars taking it for granted and not contextualizing the definition of what constitutes human capital. She challenges the conventional idea of human capital, and points to how human capital is only what is defined as accepted qualifications by the majority. Similarly, we can imagine natives to have certain ideas of what group of immigrants that possesses the *correct* human capital, and thus get compensated accordingly. Human capital is reduced to the hegemonic understanding of which education is higher valued.

7.3 DESTINATION EFFECTS

Characteristics of host country can affect both immigrants' performance in the labor market, as well as how they are treated. How can destination effects explain the variation within the immigrant population? And how does characteristics of host country explain the continuous gap between natives and immigrants. We can view destination as a historical time. This way, destination effects vary with time due to the transformation society has undergone over the years these data account for.

7.3.1 Positive Contact

Characteristics of host-country can be used to explain the differences in labor market outcome by pointing to how immigrants are received. This can explain both similarity and variation. First, according to theory of signaling, increasing knowledge to

immigrants lead to more positive effects on earnings. When immigrants partake in society at a higher rate, natives have an easier time understanding them. Over time, as the presence of immigrants increases, we can imagine people's perceptions to change accordingly. With increased immigrant-native contact, natives' negative attitude towards immigrants is likely to change. However, by looking at changes over time, increased contact has not eliminated the distance between immigrants and natives.

The positive effect of native-immigrant contact might be increasingly visible within firms. According to contact theory, increasing interaction between groups will reduce negative attitudes towards the out-group. When looking at the different groups' trajectories in firms with a native majority and immigrant majority, respectively, I found steeper trajectories among immigrants in immigrant majority firms. This indicates a positive effect of immigrant-native interaction. We can assume a more frequent interaction between natives and immigrants in these firms. This is likely to have a positive effect on natives' impression of immigrants. As a result, immigrants' might experience improved labor market outcomes. However, even though their profiles are steeper, they are still not found at level with natives.

When studying the groups' earnings over time I consider both relative and absolute positioning. It is important to take into account that all immigrant groups are found below natives in the earning hierarchy. This tells us that natives are—rightfully or not—higher valued in the labor market. Over time, natives are found on top, while the immigrants are all situated below them. As discussed in chapter two, we can imagine immigrants that enter Norway to make up a particular group. Immigrants choose their country of destination, and there are reasons to assume systematic parallels between country of origin and country of destination. As a result of selection processes immigrants in Norway will differ from those choosing other countries of destination. Moreover, we can imagine selection processes from within country of origin as well. Because I do not perform a comparative study with several countries of destination, I have a hard time testing this hypothesis. However, it is necessary to keep in mind when discussing the resemblance of immigrants' career trajectory. Because even though I have illustrated variation in earnings in the immigrant population, there is resemblance

as well—the inferiority to natives. Can this be a characteristic of Norway as a host country? We might imagine immigrants arriving Norway being less motivated to perform well in the labor market than immigrants to other countries. Norway's egalitarian wage structure and welfare system might, in general, attract immigrants with lower education and with poorer economic capabilities and outlooks (Bratsberg et al. 2006:2). Is this sufficient to explain why no groups exceed natives, and furthermore, that the gap to natives persists over time?

When looking at development over time it is not enough to point out the continuing difference between natives and immigrants. As income levels rise, the gap between natives and immigrants persists. But nonetheless, immigrant's income level, in fact, rises on rate with natives'. Thus, upward mobility is not closed for immigrants in absolute terms, and they show similar developments as natives. If the reason for their low labor market outcomes were due to personal low motivation and productivity we would expect their trajectory over time to be dim. On the contrary, over time, immigrant groups increase their earnings on rate with natives.

7.3.2 Individual or Societal Change?

In chapter four I look at importance of residency on earnings. From a perspective of destination, residency should have a positive effect on earnings. Also, immigrants increase their earnings as years since migration increase. Residency encompasses many factors, and the transformation of society is most likely one of these. As immigrants' residency increases so does their position in the labor market. However, there seem to be a crucial mark of change after 10 years residency. After 10 years, we see increased variation in trajectories, where some turn increasingly positive, while others level out. This can be a result of individual accommodation to host society. However, because the groups have similar year of entry, and residency correlates with time, we can also see it as a result of societal changes. The 10-year mark correlates somewhat with the slump in the Norwegian economy. Drawing on this, the results suggest that the different groups experienced the slump, and the subsequent economic rise, very differently.

When I graph earnings over time I also get a control for changes in the business cycle. Slumps are more threatening to immigrants than natives, but at the same time we should see greater improvements and steeper trajectories for immigrants during economic growth. The reason for why this is not the case in these data (immigrants have overall a slower or parallel trajectory to natives in positive periods) is uncertain. The difference between immigrants and natives increases with time, along with a widening of the earning distribution. Natives, along with Indian immigrants do not seem to suffer from the fall in the economy during the 1980's. The earnings for the remaining immigrant groups decrease or stay constant and the distribution among them narrows during this period. This might be explained by referring to evaluation.

Different stigma attached to certain groups might explain variation in trajectories between groups of different origin. The diverging trajectories of economic immigrants of different origin might be explained by referring to theory of stigmatization. Rightfully, or not, we can assume that certain groups and certain educations carry with them a positive or negative stigma, and are discriminated against on basis of this. Hence, individuals are received and treated as representatives of a certain group. Furthermore, the reason for Indian immigrants to do better might be the positive stigma attached to their group membership.

7.4 COMMUNITY EFFECTS

7.4.1 Bigger is Better

By analyzing level of earnings in firms with native majority and immigrant majority, respectively, I explored the importance of relative presence of immigrants on their earnings. In chapter six I found that earnings are much more dispersed in firms with immigrant majority, and that all groups—including natives—have steeper or similar profiles in these firms. Instead of seeing a negative effect of incomes in firms with higher native-immigrant interaction, I found indications for the opposite. Immigrants in these firms, overall, have a more positive trajectory.

I found great variation in earnings and trajectories between immigrants working in native-majority firms versus those working in firms with predominantly immigrant

employees. One possible explanation for this differentiation is related to access. Immigrants in firms with immigrant majority are more likely to have accessed the position by using ethnic networks. “The strength of weak ties” in the immigrant population facilitates access to the labor market (Granovetter 1973). The explanation does not rely on the group size, but rather relations within the immigrant population.

However, access to the labor market through ethnic networks does not necessarily translate to high earnings. On the contrary we can imagine immigrants using networks to access the labor market to end up in low-income positions. However, the use of social capital facilitates access to the labor market. Once they have access, they have the possibility to start climbing the career ladder. After access we can imagine that the native-immigrant contact have a positive effect on immigrant’s trajectories.

The positive trajectory of immigrants in immigrant majority firms might also be explained by pointing to the absent of discrimination. Firms with more immigrants, consequently have fewer natives, and thus less room for prejudice attitude and discriminatory treatment from natives to immigrants. In firms with native majority, on the other hand, immigrants make up an *ethnic segment* low in the earning hierarchy. Whether this is a result of discrimination or productivity is uncertain. Nevertheless, the findings reflect interesting results of interaction between immigrants and natives.

The trajectories of Pakistani immigrants do not get altered much depending upon firm-type. A possible explanation for this is related to positions within the hierarchy. Because Pakistani immigrants start a low level of earnings with a slow trajectory we can imagine them to work in a lower segment of the labor market (Doeringer & Piore 1971). As employees get increased experience, the primary segment has an accumulative success, while the “ethnic enclaves” constantly lose relative to them and the discrepancy increases. Therefore, when employees accumulate experience differences will persist, or even increase. This might also be explained by discrimination internal to the labor market. As a result of more discrimination internal to the labor market, Pakistani immigrants would have less endogenous human capital and consequently a slower trajectory (Tomaskovic-Devey et al. 2005).

Despite the attempt to explain the variation between groups of different origin, we still see a gap between immigrants and natives. The differentiation within the immigrant population does not cover the fact that natives still hold precedence over immigrants.

7.5 SAME, SAME, BUT DIFFERENT

Below follows a simplification of my findings. I have two main findings—first, I have found that immigrants are (1) *similar* in that they differ from natives. Second, I have found (2) *variation* between groups depending upon origin. This can be explained by referring to (a) *performance* and (b) *evaluation*. To explain similarity, immigrants need to perform similarly by nature of being ‘born abroad’ (origin), and they are treated accordingly (destination). However, to explain the variation we need to extend the terminology. To better grasp this variation I use community. Effects of community can explain why some groups perform better than others, and why some are more discriminated against than others. It is an interesting addition as a mediator between origin and destination.

	a) Performance	b) Evaluation
1) Similarity	Origin	Destination
2) Variation	Community	Community

Also, to a large extent, the findings mirror processes of selection. Groups that are similar in the population have different outcomes in these data, which indicates that the selection processes vary between communities. *Community* works as an umbrella category that helps explain the variation between groups of different origin in similar destination, as well as immigrants of similar origin in different destinations. In this study community is used to explain how immigrants perform differently from each other, despite the similarities between them. The findings illustrate the distinctiveness of each group. Furthermore, it implies the importance for policies to consider groups’

particularity. I have presented possible explanations for my findings above. In the following, I discuss the theoretical aspect of the study. I will elaborate on the consequences and implications of my findings.

7.6 FURTHER IMPLICATIONS

My findings have mainly two broader implications. First, I discuss challenges of categorization. How does the demonstrated variation within a category traditionally defined as immigrants affect categorization? How does this confuse the relationship between individual rights and group's recognition? Secondly, I move on to discuss consequences this may have on the process of integration. Articulation and implementation of integration policies depend upon a certain terminology. How are ideas about integration challenged by the discussion of categorization?

7.6.1 Categorization

Even though the results mirror a differentiation between natives and immigrants, they also illustrate the risk of employing all-embracing categories on immigrants as a whole. However, articulation and implementation of integration policies require a certain terminology to be employed. Immigrants share the characteristic of *being born abroad*, and at the same time as their variation and individuality need to be considered, policies need to be articulated to facilitate their integration. Thus, the ambiguity of categorizing immigrants relates to challenges of, on the one hand, be aware of the variation between groups; while at the same time have specific policies targeting immigrants as a whole. In the process towards a unified nation the immigrant population is treated differently. The two challenges concerning this are, first, that the immigrant population is treated differently than the native population and not considered one of *us*. This creates a separation between groups within the nation. Second, the immigrant population is treated similarly despite the within group diversity. Categorizing immigrants as the *other* accentuates the difference between natives and immigrants, at the same time as it ignores the variation within both categories. My findings support this ambiguity.

There are three aspects of categorization that should be addressed when discussing immigrant incorporation. First, categories are social constructs that arise in certain

context, while they don't apply in others. The use of certain categories and identity markers is contextual and relative to the situation. In theory, categories are fluctuating and dependent upon circumstances. However, some categories tend to be more determining and overarching than others. The difference between natives and immigrants is one of the main differentiation factors, and *immigrant* is one of those decisive categories that apply almost universally and also have extensive consequences. To employ categories without analyzing the origin of the term and the connotations to it contributes to a *social construction of essentialism*. Loïc Waquant warns scholars to use terms like *race* and *ethnicity* without questioning how and when they came into use (*Racing the Republic* 2007). No doubt do the elements to which we apply these categories exist, but how they are perceived depends upon what category they are assigned. Similarly, Mara Loveman (*Racing the Republic* 2007) touches on categories' inherent arbitrariness. It is important to focus on the contextuality of the categories and not get caught in an *essentialist track*. Categories are used in different settings, and they change meaning depending upon setting. Similarly, categories are constructed and altered to accommodate a certain historical and societal context and specific political discourses. However, what the categories encompass does not get altered. The development in how to categorize immigrants in Norway is one example on this—moving from foreign worker (*fremmedarbeider*), via foreigner (*utlending*) and immigrant (*innvandrere*), to foreign cultural (*fremmedkulturell*) and ethnic minorities (*etniske minoriteter*).

Second, the reasoning behind categorization is important to consider. Are categories employed to legitimize special treatment and discrimination, or are they simply tools to sort a variation of impressions? Discursive power may be executed by choosing certain categories over others, and by employing coarse generalization without considering variation within. While other times the choice of label is simply a cognitive reflection. My study also points to the question of similarity—how much similarity is necessary to employ a category?

The third challenge relates to how categories are used to underestimate individuality and personal rights. A focus on group categories necessarily overlooks each individual's particularity within that group. However, as long as categories are not all-embracing

and determining across contexts this is not as problematic because individuals will fall in and out of categories. However, due to the danger of a term like *immigrant* to apply across contexts, this challenge gets increasingly important.

7.6.2 Making *Them* One of *Us*

It is important to grasp the diversity within groups, and this is one of several challenges a homogenous nation meets in the transition towards heterogeneity. “Immigrants may not have had a strong sense of common ethnicity prior to migration, but the reality of moving to a new country certainly increases the salience of ethnic ties” (Bloemraad 2006:240). The reality of being an immigrant creates a shared sentiment, and they construct a collectiveness based on their difference. When this is combined with integration policies targeted immigrants as a whole the difference between majority and minority is enhanced. Organization around welfare programs (like unemployment pay and other social benefits) often facilitates interaction between immigrants with shared experiences and, according to Irene Bloemraad (2006), intensifies the feeling of being different. Similarly, Thómas Jiménez (2007) argue that the form of Americanization that has been targeted towards immigrants in the US does not help integrate them to society, but on the contrary contribute to a feeling of rejection, leading to a more segregated society. In the same manner, Bloemraad (2006) points out how European welfare systems can enhance a continuous segregation of immigrants and contribute to a clustering of immigrant groups due to a stigma of not belonging. This way, policies of integration separate the nation instead of bridging over the intra-national difference.

In the report *Talking About Integration* Brekke and Borchgrevink (2007:95) find certain ambivalence towards categorization of groups and group thinking. On the one hand, group thinking is necessary to implement integration policies, but on the other hand, it might prevent the goal of an integrated society. Efforts of integration should target each group differently by considering their particular preconditions. However, this poses a different challenge—what about the individual?

7.6.3 Integrating Nation, Groups, and Individuals

In the process towards constructing a collective, national citizenry diversity needs to be acknowledged. However, at the same time, a common platform is necessary. Amidst the preservation of individuality and distinct cultures, something needs to lay the foundation for trust between citizens. In the US, where the idea of assimilation dominates politics of immigration, collectiveness is to a large extent built on ideals, rather than ethnic heritage and traditions (Brochmann 2002:40). This will in return produce a society more inclined towards citizens of various backgrounds and ethnicities, as long as they share the common belief in certain liberal ideals. The American individualism dominates in this process. The US—being a country of immigrants notwithstanding—does not have a centralized, functioning immigrant policy (Gaspar & Fonseca 2006:90). The thought is that members of minority groups will gradually adapt and embrace the majority culture over time. However, countries with a nationality founded on a cultural and ethnic heritage, where group thinking dominates over individuality, encounter other challenges as a result of immigration.

Norway has traditionally been considered a country of a homogenous population. As a result, the Norwegian nationality is founded on cultural traditions and ethnic similarity. A collective identity relies on trust between citizens. However, in an increasingly multicultural society the foundation for trust between citizens is changing. In the process towards an integrated nation there needs to be a balance between national collectivity, groups' cultural preservation, and individual rights. Society changes over time and according to what makes up its citizens. The majority culture isn't a static culture that minority groups have to absorb. On the contrary, society changes along with immigration, and all groups within a society affect the direction of its development (Brochmann et al. 2002:32,46). Majority and minorities change simultaneously, and assimilate together. Not in the traditional sense of the word, but rather as a new form for assimilation. Roger Brubaker (2004) differentiates a new concept of assimilation from a traditional understanding of the term. He argues for a possible return of assimilation accompanied by a new definition. In contrast to Milton Gordon's (1964) term "identificational assimilation", the *new* assimilation is not so much an end of state forced upon the immigrant population, but a mutual process between majority and

minority. Brubaker (2004:129) stresses the reciprocal aspect of the process. Semantic challenges notwithstanding, the process of creating an inclusive and productive nation persists. The observed variation within the immigrant population opposes an idea of employing similar efforts irrespectively of group affiliation. Rather, the idea supports accommodating integration policies to particular groups, and furthermore, to recognize both individual and group rights in the making of a nation.

7.7 CONCLUDING REMARKS AND FURTHER RESEARCH

The purpose of this study was not to assess generalizations about the immigrant population. Neither trying to predict correlations between earning profiles and origin. However, the findings can be used to discuss implications on categorization, articulation, and implementation of integration policies. The results in this study are found through analyses on employed first generation immigrants. One of the motivations for conducting this research was to learn from previous generations of immigrants. Now, as descendants (second generation) enter the labor market, it would be interesting to do a similar study on them. Are the similar patterns visible with them as with the previous generation? Are their trajectories more similar to natives? Is there less variation between descendants of different origins? By providing information on descendants, we could further discuss the aspects of origin, community, and destination. Descendants will carry the same shell of *otherness*—how does integration policies deal with ethnically different Norwegians? Will, as Heath (2007:687-688) suggests, negative effects from first generation immigrants be reproduced to descendants through the community of which they belong to as *contextual effects*? Origin effects would be less prevailing in such a study, and more focus could be given to community and destination. Additionally, comparative studies of the same groups in other host countries would contribute to an improved understanding of how much of these findings are particular to the Norwegian context. At this point we can conclude that among immigrants working in the private sector between 1979 and 1996 there is great variation in labor market outcome depending upon origin. Are these findings unique to the context they apply to?

My findings reflect an ambiguity towards categorization and policies of integration. While categorization is important for implementation of integration policies, the same terms conceal important variation between groups within categories and enhance the difference between *us* and *them*. As maintaining trust between individuals become increasingly challenging, we might want to rethink the approach for constructing a national identity. The triangle of nation, groups, and individuals proposes challenges to categorization and policy-making. These findings encourage articulation and implementation of integration policies directed on variation, rather than similarity.

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